

1 ♦ 9 ♦ 9 ♦ 9 British Columbia Financial and Economic REVIEW

59th Edition



BRITISH
COLUMBIA

Ministry of Finance
and Corporate Relations

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British Columbia
Financial and Economic
REVIEW

Fifty-ninth Edition



**BRITISH
COLUMBIA**

Ministry of Finance and Corporate Relations

Cover Photo

Hiking in British Columbia's coastal mountains. Courtesy of British Columbia Hydro and Power Authority.
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Message from the Minister

I am pleased to present the 59th edition of the *British Columbia Financial and Economic Review*.

The *Review* provides a wealth of information on the province's economy and finances. Individual chapters describe the province's people, industries, government, major programs, and activities of its Crown corporations for the year.

The *Review* is a tool for a wide variety of users, from the financial community seeking reliable statistical information and historical trends, to students looking for an extensive and easy-to-understand description of provincial programs and priorities.

This year's *Review* has five topic boxes. One describes the diversification of British Columbia's economy, while another profiles the Okanagan region. Other topic boxes cover the impact of technology on provincial programs, B.C.'s film and television industry, and the work of the Business Task Force.

We welcome our reader's comments and suggestions. Please contact our editors at the address below or e-mail us at www.fin.gov.bc.ca:

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A handwritten signature in black ink that reads "Paul Ramsey". The signature is written in a cursive, flowing style.

Paul Ramsey
Minister of Finance and Corporate Relations

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Chapter One

Economic Review



Cruise Ship, Vancouver Harbour

Chapter 1 Economic Review¹

British Columbia Overview

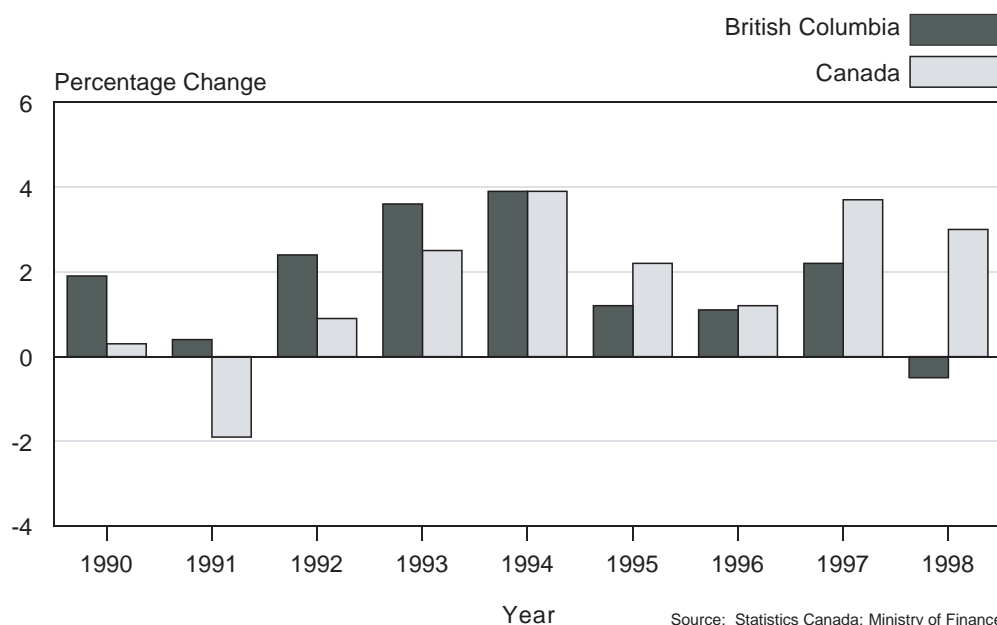
In 1998, British Columbia's economy suffered the impact of the economic crisis in Asia, and a major decline in commodity prices. A recession in Japan and other Asian countries sharply reduced the province's resource exports to the region. Trade with the booming United States economy partly offset these losses.

Domestic activity was affected by the downturn in export income and corporate profits. A reduction in the number of people moving to British Columbia also led to a sharp decline in housing activity and contributed to softer retail spending.

Despite a deteriorating trade picture and the downturn in the resource and construction industries, the economy continued to produce jobs. The average level of employment rose a modest 1.2 per cent in 1998, although it strengthened noticeably by year end. Between December 1997 and December 1998, nearly 60,000 jobs were created. The unemployment rate fell during the year, despite the growing number of people entering the job market.

Overall, real GDP declined an estimated 0.5 per cent in 1998 following growth of 2.2 per cent in 1997. National economic growth was strong in 1998 as Canadian real GDP rose 3.0 per cent.

Chart 1.1 Real GDP Growth



¹ Chapter 1 and Appendix 1 are based on information available as of August 31, 1999.

External Environment

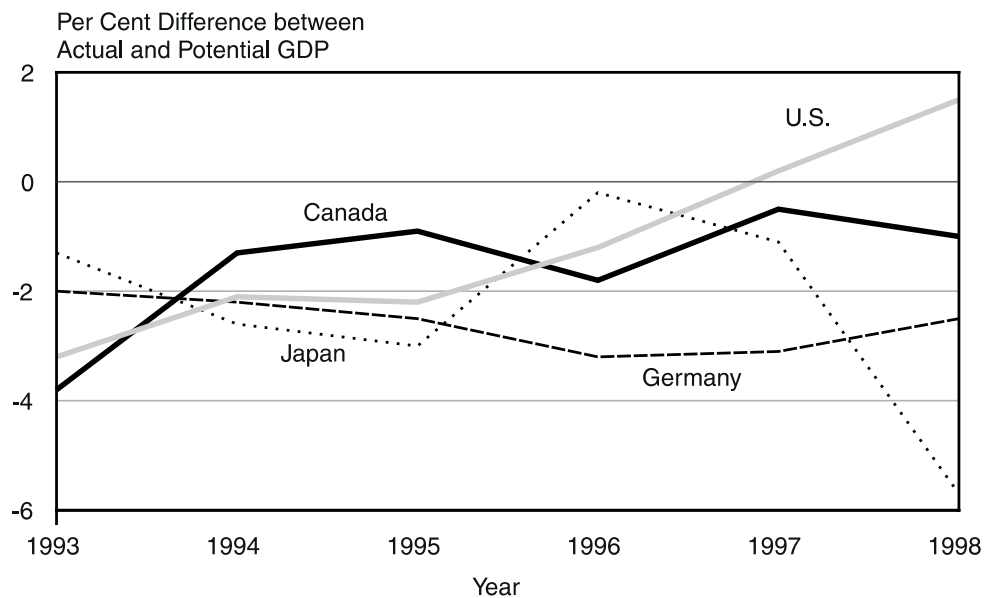
International Economy

World output grew 2.5 per cent in 1998, down from 4.2 per cent in 1997 according to the International Monetary Fund. North American economies expanded strongly with the United States the main engine of growth. The Asian economies experienced a severe downturn while Europe grew at a similar pace to 1997.

For the third year in a row, the United States economy turned in a stronger performance than was expected at the beginning of the year. The economy grew 3.9 per cent in 1998, twice the expected growth rate.

Early in 1998, there had been concern that the Asian slowdown would spread to the United States economy through lower exports to the region. However, this did not occur. The U.S. manufacturing and export sector slowed at mid-year but this did not have a significant impact on overall growth. A surging domestic economy more than offset a growing trade deficit. Falling import prices, interest rate cuts, rising consumer confidence and soaring equity markets stimulated consumer spending which grew 5.0 per cent. Housing starts totalled 1.6 million units in 1998, up 9.7 per cent from 1997. The U.S. economy finished 1998 at a high level of economic activity, growing 6.0 per cent in the fourth quarter.

Chart 1.2 Output Gaps



Source: International Monetary Fund, *World Economic Outlook*, May 1999

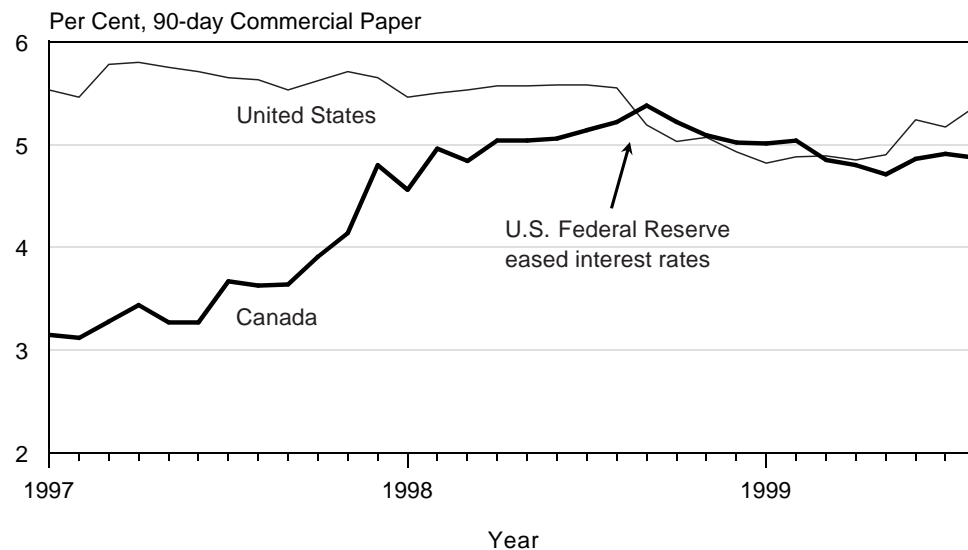
Japan remained the weakest of the major industrial economies, with real GDP contracting 2.8 per cent in 1998. Several economic stimulus packages failed to revive the economy, which was weighed down by a combination of weak demand from other Asian countries and bad debts at financial institutions. This constricted business lending and investment. Consumer confidence and spending were stagnant for most of the year, with housing a key factor in dragging down the economy.

Economic growth in Europe was relatively strong in 1998, supported by a strong German economy. German real GDP rose 2.8 per cent in 1998, following growth of 2.2 per cent in 1997. Net exports of goods and services and capital investment made above average contributions to growth. Inflation was low at 1.0 per cent and employment was unchanged following three years of decline. Overall, the European Union grew 2.8 per cent in 1998, up from 2.7 per cent in 1997.

Financial Markets

1998 was a year of “contagion” on global financial markets, as the effects of the Asian recession spread to most of the more vulnerable emerging markets. Russia defaulted on its debt in August, raising concern about the impact on the European economies and Brazil devalued its currency soon after, sending repercussions through Latin America. Financial markets encountered extreme volatility in late August and early September following the collapse of the Russian ruble and the ensuing flight to quality. Credit quality spreads soared and many borrowers were unable to obtain financing. Stock markets around the world dropped sharply in response. Fears of a global economic slowdown combined with the risk of a credit crunch in the U.S. prompted the U.S. Federal Reserve to embark on a series of short-term interest rate cuts. The U.S. Federal Reserve reduced its federal funds rate target by a total of 75 basis points in two months, helping to ease tensions in financial markets. The Federal Reserve’s efforts were followed by easing of interest rates in Canada and Europe, and introduction of a support package for Brazil.

Chart 1.3 Canadian and United States Short-term Interest Rates



Source: Bank of Canada

The flight to U.S. dollar assets in late summer put downward pressure on the Canadian dollar. Canadian interest rates rose sharply in response to a weak Canadian dollar. During the fall, the Bank of Canada lowered interest rates, following easing in the U.S.

For the year, Canadian short-term interest rates averaged 5.0 per cent, up from 1997 levels. However, Canadian and U.S. long-term rates fell on average during 1998, ending the year just above 5 per cent. The Canadian dollar traded at 70 U.S. cents at the beginning of the year but fell steadily after the first quarter to 65 U.S. cents by year end, hitting an all-time low of 64.4 cents along the way. The currency averaged 67.4 U.S. cents in 1998, down from 72.2 U.S. cents in 1997.

U.S. equity markets soared in 1998 — the Standard & Poor’s 500 index rose 27 per cent — while in Canada, the TSE 300 composite index fell about 3 per cent. The downturn in commodity markets weighed heavily on the Canadian stock market and the Canadian dollar.

The Canadian Economy

The Canadian economy benefited from U.S. strength, depreciation of the Canadian dollar and low inflation. Canada's economy also finished the year on a strong note in the fourth quarter but, in contrast to the United States, domestic demand growth slowed to less than 1 per cent. Most of the fourth quarter growth was generated by inventory rebuilding in the wake of the General Motors strike in the third quarter. Overall growth in 1998 was 3.0 per cent.

Employment increased 2.8 per cent in 1998, a gain of 385,800 jobs. Full-time employment rose by 351,100 jobs and part-time employment by 34,700 jobs. All of the job growth was in the private sector. The unemployment rate fell to 8.3 per cent in 1998 from 9.2 per cent in 1997, as employment growth outpaced labour force growth.

Total wages and salaries increased 3.9 per cent in 1998, due to the increase in employment and a 1.3 per cent rise in average weekly earnings. Personal disposable income rose 3.8 per cent. Inflation increased 0.9 per cent in 1998. Core inflation — which excludes volatile food and energy prices and indirect taxes — was 1.2 per cent, in the low end of the Bank of Canada's 1 to 3 per cent target band. Wage settlements averaged 1.6 per cent, up from 1.3 per cent in 1997.

Consumer confidence strengthened during the year, helping to boost retail sales by 3.6 per cent. However, housing starts fell 6.5 per cent in 1998 following two years of double-digit growth. Most of the decline was due to a lower level of housing starts in British Columbia. In addition, strikes in the residential construction sector in Ontario reduced housing starts in the third quarter. Existing home sales fell 4.7 per cent. As a result, housing prices were fairly stable — new home prices were unchanged during the year while existing home prices were down 1.5 per cent.

British Columbia Economy

Population

British Columbia's population as of December 31, 1998 was 4,021,360, an increase of 0.7 per cent, or 27,868 from a year earlier. Of this increase, 9,409 was due to in-migration while the rest was due to natural increase (births minus deaths). Total in-migration fell 79.4 per cent from 1997 levels as international migration fell 29.9 per cent to 28,168 persons and interprovincial migration recorded a net outflow of 18,759 persons.

Labour and Income Developments

Despite a deteriorating trade picture and downturns in the resource and construction industries, average annual employment rose 1.2 per cent in 1998, a gain of 22,700 jobs. Most of the increase was due to higher part-time and public sector employment. The unemployment rate rose to 8.9 per cent in 1998 from 8.7 per cent in 1997.

The growth of employment was unusually strong during the year so that the level of employment at the end of the year was well above year-earlier levels. In the past during economic slowdowns and economic recoveries, employment has typically moved up and down from month to month. During 1998, employment grew in every month except January, June and December.

Other significant labour market and income developments for 1998 included:

- a 3.3 per cent increase in female employment and a 0.5 per cent decline in male employment;
- full-time employment rose by 6,900 jobs while part-time employment increased by 15,900 jobs;
- a 3.4 per cent increase in self-employment, or 13,000 jobs, which accounted for 57 per cent of the gain in total employment. The increase in self-employment was concentrated in professional, scientific and technical jobs as well as in management

and administration. Self-employment as a percentage of total employment rose to 21.1 per cent from 20.3 per cent in 1997;

- the number of paid private and public employees was up 0.7 per cent; and
- a 2.2 per cent increase in service-sector employment, while goods-sector employment declined 2.0 per cent.

Prices and Wages

The British Columbia consumer price index rose 0.3 per cent in 1998, lower than 1997's 0.7 per cent. Shelter costs declined due to lower mortgage rates and housing prices. Continual gas price wars in the Lower Mainland contributed to lower gasoline prices.

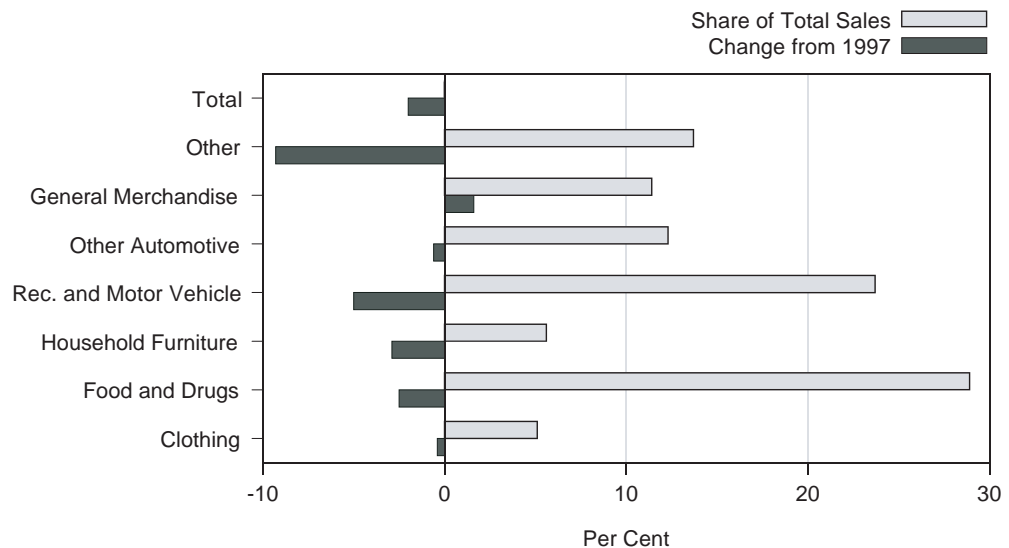
Wage increases reached in collective agreements averaged 0.7 per cent, down from 1.3 per cent in 1997 and below the 1.6 per cent Canadian average. There were 40 work stoppages in 1998 affecting 26,300 workers. The number of worker days lost due to labour disputes was 273,078, down from 337,481 in 1997. Most of the days lost occurred in the strike at three Fletcher Challenge pulp and paper mills that began in July 1997 and ended in April 1998.

Consumer Expenditure and Housing

Consumer spending was soft in 1998. The total value of retail sales fell 2.0 per cent in 1998, down from a 5.2 per cent increase in 1997. General merchandise stores were the only trade group to record an increase in the value of sales in 1998. The decline in consumer spending reflected the downturn in the housing sector with housing-related spending down 2.7 per cent (see Chart 1.4). New auto sales, excluding recreational vehicles, were down 10.3 per cent in terms of volume and 7.3 per cent in terms of value.

Consumer bankruptcies fell 0.6 per cent to 7,324 in 1998.

Chart 1.4 Retail Sales by Trade Group, 1998

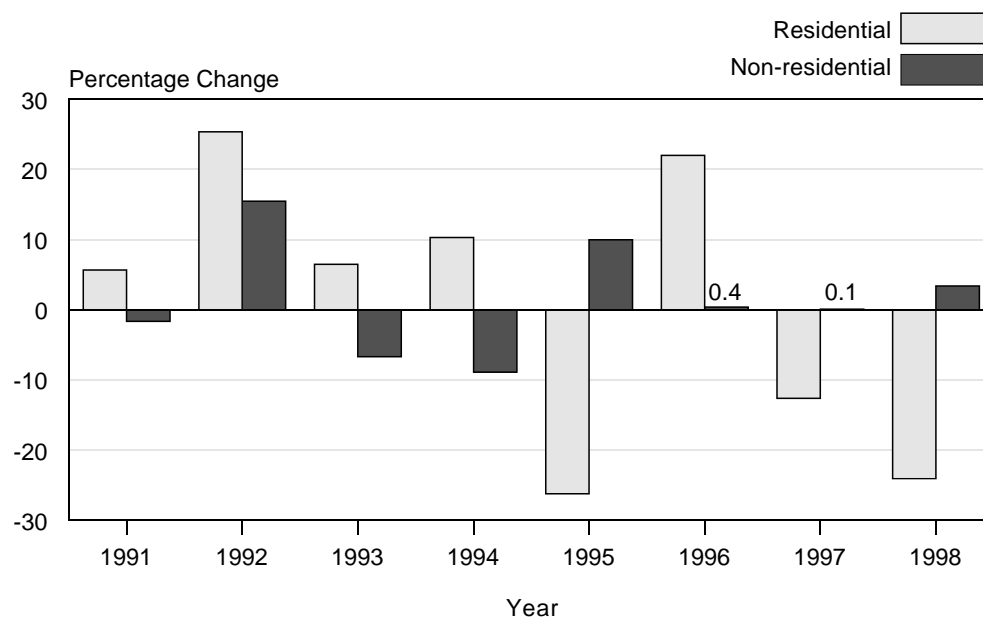


The housing sector in British Columbia bore the brunt of the net interprovincial migration outflow as housing starts fell from 23,300 units (seasonally adjusted at annual rates) at the beginning of the year to 15,400 units in December 1998. For the year, housing starts totalled 19,931 units, down from 29,351 units in 1997. On a per capita basis, housing starts reached their lowest level since the Canada Mortgage

and Housing Corporation began keeping records 40 years earlier. The decline in housing demand and supply resulted in a modest correction in house prices. Existing house prices fell 3.8 per cent and new home prices were down 5.1 per cent. Resale markets slowed and the volume of sales fell 22.4 per cent.

As a result of weak housing demand and lower prices, the value of residential building permits fell 22.6 per cent in 1998 to \$2.8 billion. However, non-residential permits rose 3.9 per cent to \$2.0 billion. The increase was due entirely to an increase in government and institutional building permits. The value of commercial and industrial building permits declined in 1998.

Chart 1.5 Building Permits by Activity



Source: Statistics Canada

Capital Investment

Total investment in the province fell 5.4 per cent to 19.6 billion (see Table 1.1). Public sector investment rose 10.2 per cent. Private sector investment — which accounts for 80 per cent of total investment — fell 13.7 per cent. Residential investment was down 13.6 per cent while non-residential investment fell 4.3 per cent, due to decreased investment in the primary, manufacturing, business, real estate and finance sectors.

Table 1.1 British Columbia Capital Investment, 1998

	Construction		Machinery and Equipment		Total	
	(\$ millions)	(per cent) ¹	(\$ millions)	(per cent) ¹	(\$ millions)	(per cent) ¹
Public.....	2,620.2	3.9	1,040.5	30.2	3,660.6	10.2
Private.....	10,278.1	-16.2	5,677.2	-8.7	15,955.3	-13.7
Residential.....	6,032.1	-13.6	—	—	6,032.1	-13.6
Non-residential.....	4,246.0	-19.7	5,677.2	-8.7	9,923.2	-4.3
Total.....	12,898.2	-12.8	6,717.7	-4.3	19,615.9	-5.4

¹ Change from 1997.

Source: Statistics Canada.

Totals may not add due to rounding.

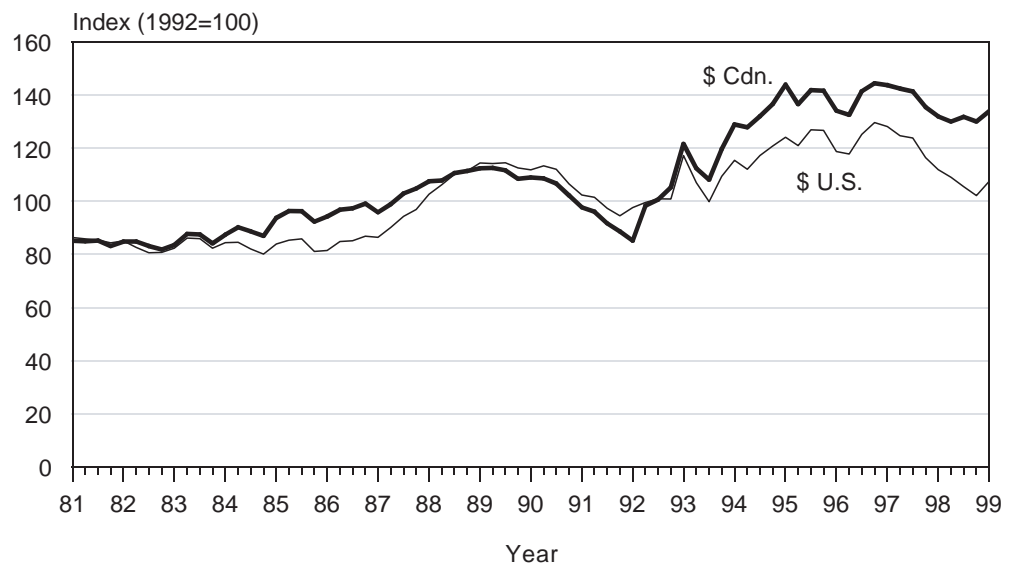
Investment figures for 1998 include spending on major capital projects across the province. Private sector investment was mainly in accommodation, with new hotels and resorts being built in Ucluelet, Princeton and Radium. Construction at Vancouver International Airport continued in 1998 with the expansion of the international terminal and extensive renovations to the domestic terminal. There was increased investment in entertainment facilities with a number of cinema complexes built including the new Metropolis complex at the Eaton Centre in Metrotown in Burnaby. Despite the drop in sales, the retail sector continued to take a long-term perspective, with a number of “big box” stores opening in the Lower Mainland and Victoria area.

Exports

The total value of merchandise exports fell 2.7 per cent in 1998. The value of exports to Japan fell 24.5 per cent due to the slump in the Japanese economy that began in the second quarter of 1997 and continued through 1998. Exports to the U.S. — the destination for almost two-thirds of British Columbia’s exports — grew 10.4 per cent, due to higher exports of machinery and equipment, and energy, fish and agriculture products. Exports to the rest of the Pacific Rim declined while exports to the European Union fell 2.7 per cent, mainly due to lower volumes of wood, pulp and paper products shipped.

The fall in the value of merchandise exports was due to decreased volumes and lower prices in 1998. The Ministry of Finance and Corporate Relations’ British Columbia export commodity price index fell 7.7 per cent in Canadian dollar terms and 13.8 per cent in U.S. dollar terms. Excess supply conditions combined with weak demand from Asia to put downward pressure on commodity prices.

Chart 1.6 British Columbia Export Commodity Price Index



Source: Ministry of Finance and Corporate Relations

Pulp prices rose in the first quarter then fell during the rest of the year due to rising inventories and weak demand. For the year, pulp prices averaged \$516 U.S. per tonne, an 8.9 per cent decrease from 1997.

Lumber prices started the year low and fluctuated between \$250 and \$300 U.S. per thousand board feet with higher prices near the end of each quarter, influenced by Canada/U.S. softwood lumber agreement quotas. For the year, prices averaged \$286 U.S., down 19.1 per cent from 1997.

Newsprint prices benefited from strikes at two Canadian companies that cut shipments by 1 million tonnes in 1998. The strike-related reduction in supply more than offset lower overseas demand. As a result, newsprint prices rose 6.4 per cent to average \$595 U.S. per tonne for 1998.

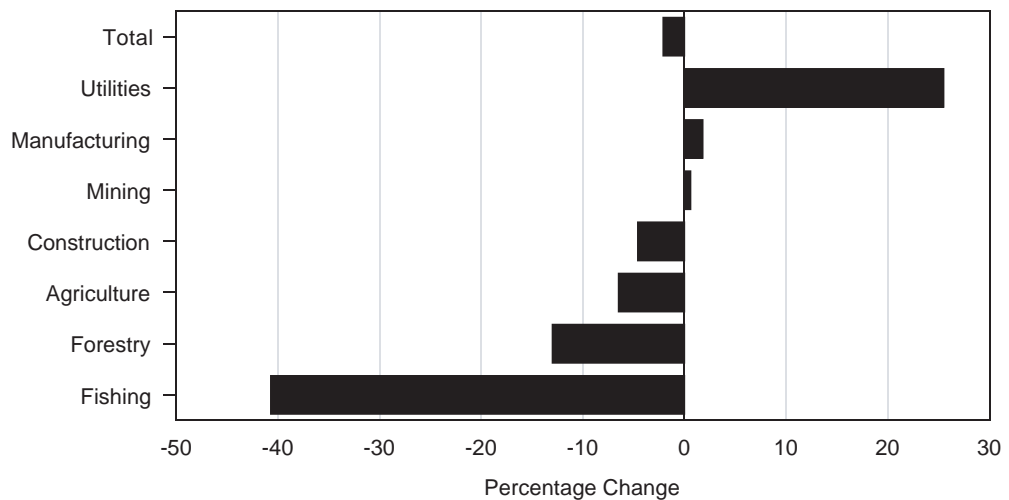
Copper prices fell from 76.6 cents U.S. per pound in January to 66.8 cents U.S. in December. During the fall of 1998, Highland Valley copper, British Columbia's largest producer of copper ore, announced it would close if copper prices did not improve. However, in May 1999, the provincial government and Highland Valley reached an agreement on power rates as part of the economic plan that would support operation of the mine. For the year, copper prices averaged 75 cents U.S. per pound, a 27.2 per cent drop from 1997.

Natural gas prices were bolstered in 1998 by reduced drilling activity, reports of production declines and a run-up in crude oil prices during the spring of 1998. The price of natural gas (measured at Sumas) averaged \$2.27 per gigajoule in 1998, up from \$2.23 in 1997.

Growth by Industry An increase in employment in the service-producing industries in 1998 was offset by a decrease in employment in the goods-producing industries.

Construction employment fell in response to lower demand for new housing. There were a number of layoffs and permanent shut-downs around the province due to low forest product prices. As a result, forestry employment fell 13.0 per cent in 1998. Agriculture and fishing also posted significant job losses. Offsetting some of the job decline in the goods-producing sectors was increased employment in utilities, reflecting pipeline activity, and higher levels of employment in manufacturing.

Chart 1.7 Employment: Goods-Producing Industries, 1998



Source: Statistics Canada

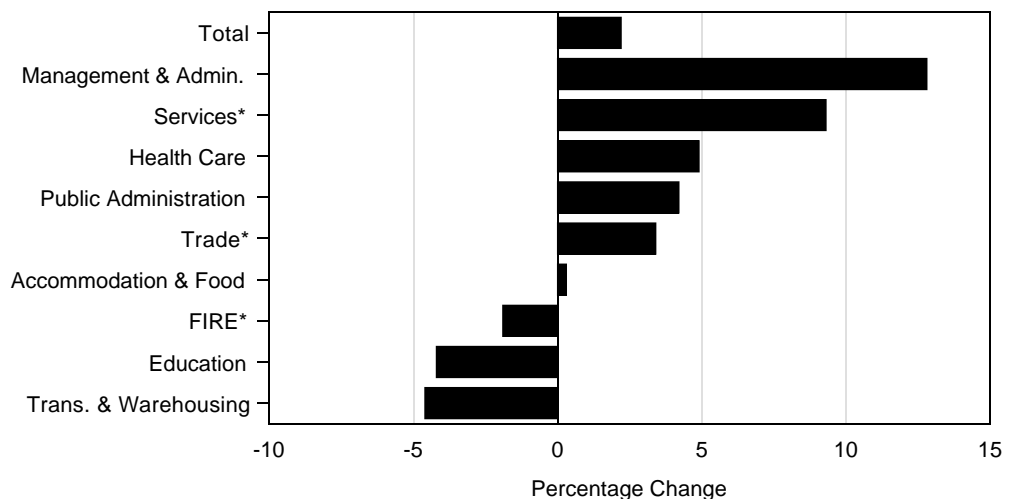
Service sector employment grew 2.2 per cent in 1998, the same pace as in 1997. Most of the increase was due to higher employment in professional, scientific and technical services and in management, administration and other support. Trade employment grew 3.4 per cent despite soft retail sales. Transportation and warehousing, as well as finance, insurance and real estate recorded fewer jobs in 1998 than 1997.

The transportation industry in the province suffered the effects of lower commodity prices and exports. Employment in transportation and warehousing fell 4.6 per cent in

1998, down from a 4.7 per cent increase in 1997. British Columbia Railway Company reported fewer tonnes shipped, mainly due to lower coal and forest product exports. The Port of Vancouver handled 72 million tonnes in 1998, down 2.0 per cent from 1997's record level. Inbound container traffic filled with low-cost Asian goods soared, but most boxes returned empty causing logistical problems for shippers and customers. A reduction in lumber exports was the main reason for the decline. In addition, air cargo handled at Vancouver International Airport was down 2.1 per cent from 1997. British Columbia exports of fish products to Asia are typically shipped by air. With lower demand due to the Asian downturn, shipments of these products declined in 1998.

Employment in finance, insurance and real estate also declined in 1998 reflecting weakness in the province's housing sector.

Chart 1.8 Employment: Service-Producing Industries, 1998



* Services: professional, scientific, and technical
Trade: wholesale and retail
FIRE: finance, insurance and real estate

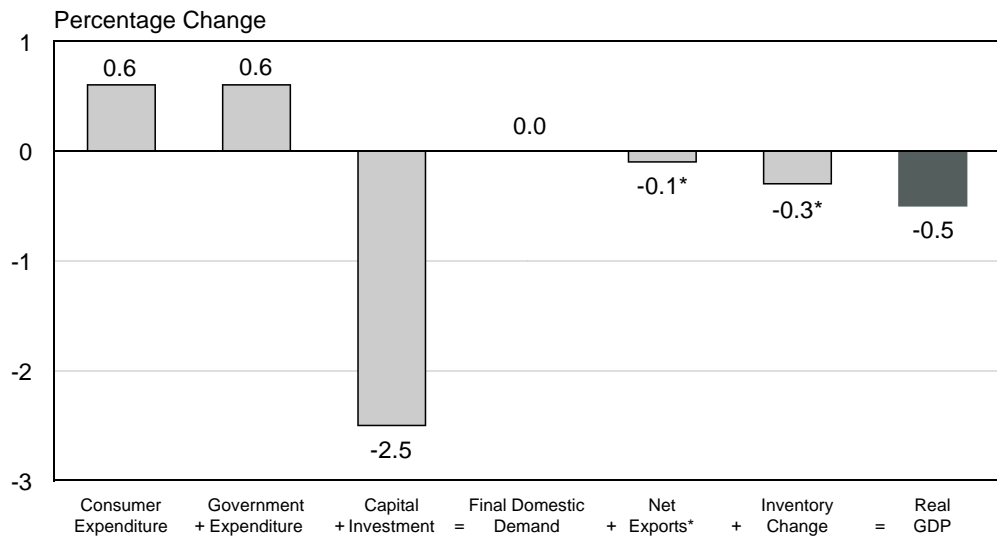
Source: Statistics Canada

The tourism industry in British Columbia grew in 1998, buoyed by a low Canadian dollar. The number of international visitors was up 7.1 per cent, with the number of American visitors up 11.1 per cent, the number of European visitors unchanged from 1997 and the number of Asians visitors down 18.2 per cent. Passenger traffic through Vancouver International Airport during 1998 hit an all-time high of 15.5 million, an increase of 4.7 per cent from 1997. In addition, the growing popularity of Alaska cruises led to a 7 per cent increase in the number of cruise ship passengers to 873,102 passengers in 1998, although the number of voyages declined slightly from 298 in 1997 to 294 in 1998.

Growth by
Component of
Demand

At the time of writing, Statistics Canada had not yet released estimates of provincial economic accounts. Therefore, the figures discussed in this section are Ministry of Finance and Corporate Relations estimates for 1998.

Growth rates of the five main components of aggregate demand: consumer expenditure, government current expenditure, capital investment, net exports (exports less imports) are shown in Chart 1.9. Final domestic demand, which includes consumer, government and investment spending, was flat. Export volume declined 0.5 per cent combined with growth in import volume of 0.2 per cent to reduce overall growth. Inventories likely reduced real GDP growth by 0.3 per cent.

Chart 1.9 Components of Real GDP Growth, 1998

* As a percentage of 1997 real GDP

Source: Ministry of Finance and Corporate Relations estimates

Current Situation

External Conditions

The momentum in the U.S. economy displayed during the final quarter of 1998 carried through into the first half of 1999. Economic growth remained exceptionally buoyant with rapid consumer spending growth, low unemployment and minimal inflation pressures. In the summer, fears that inflation might pick up boosted long-term interest rates above 6 per cent. In the first half, the U.S. economy grew at a 4.2 per cent annual rate.

U.S. housing starts and sales, which had been expected to decline in 1999, have increased. In the first half of the year, housing starts were up 7.1 per cent from the first half of 1998. Consumer confidence remains high reflecting strong employment. Despite tight labour markets, there is little sign of inflation accelerating yet.

In Europe, sluggish exports and weak business investment contributed to slower economic growth since the end of 1998. However, economic growth is expected to pick up later in 1999, reflecting higher levels of consumer confidence and an expected gradual recovery in export markets. The German economy grew at an annual rate of 1.8 per cent in the first quarter of 1999. Since it accounts for about a third of the region's output, this stronger-than-expected growth is good news for continued expansion elsewhere in Europe.

In Japan, the recession deepened further in the later part of 1998, but some signs suggest the deterioration has slowed. Japan posted a robust 7.9 per cent annual growth rate during the first quarter. However, most of the growth was due to higher government capital spending (47.9 per cent annual rate). Private consumption and investment remained weak. Housing starts increased in recent months but remain below year-earlier levels. Industrial production has also shown some recovery.

In Canada, real GDP grew at a 4.2 per cent annual rate during the first quarter and 3.3 per cent in the second quarter. Canadian growth was led by personal consumption, capital investment and higher net exports. Government consumption declined slightly. Inventories subtracted about as much from growth in the first quarter as they had added in the fourth quarter following the General Motors strike last

summer. Employment leveled off in the spring but the private and public investment intentions survey was revised up. The consensus forecast is for GDP growth of 3.5 per cent in 1999, up from 2.1 per cent at the start of the year.

The Bank of Canada lowered short-term interest rates by one-quarter of a percentage point to 4.75 per cent on May 4, 1999. The interest rate reduction was intended to support continued economic expansion with inflation still within the one to three per cent target range. Since May, 3-month treasury bill rates have risen about 30 basis points to 4.6 per cent. The Canadian dollar appreciated from 65.3 cents U.S. in early January to over 69 cents in July but then slid back to the 67 cent range, reflecting the conflicting influences of higher commodity prices and the prospect of rising U.S. interest rates.

British Columbia's economic performance so far in 1999 is consistent with the 1.0 per cent growth forecast for the year. External indicators such as merchandise exports and manufacturing shipments were up on a year-to-date basis reflecting higher commodity prices, with lumber prices well above forecast. However, copper, coal, newsprint and aluminum prices remain low. British Columbia continues to benefit from strong growth in exports to the U.S. However, employment has fallen since February, having grown strongly in the second half of 1998 and the first two months of 1999. Housing starts and retail sales have not yet recovered from last year's slowdown, while the business investment outlook has strengthened.

Merchandise exports were up 12.8 per cent during the first six months of 1999. Most of the increase was due to higher lumber and natural gas prices. Exports to the United States were up 23.1 per cent while exports to Japan were up 0.5 per cent. Exports to the Pacific Rim excluding Japan were up 0.5 per cent reflecting to some extent the recovery that is underway in some of the Asian countries, particularly Korea.

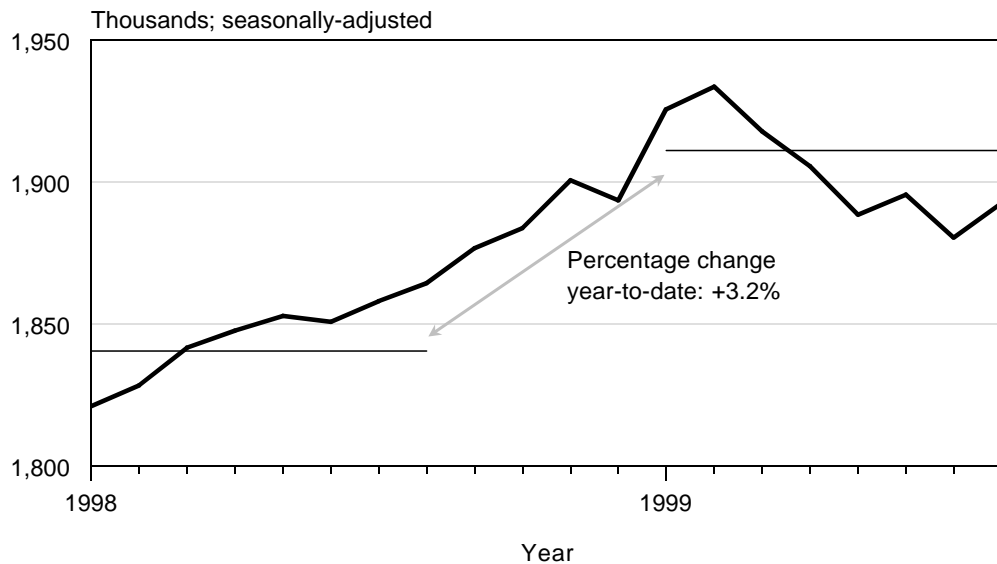
Similarly, the value of manufacturing shipments was up 8.4 per cent during the January to June period. Most of the increase was due to higher prices rather than volumes shipped. Resource- and agriculture-related shipments were up 10.3 per cent during the first half of the year, while exports of non-resource shipments rose only 3.1 per cent. The volume of cargo handled at the Port of Vancouver was down about 2 per cent in the first half of 1999 from the first half of 1998. Forest product volumes were up 27 per cent while potash, grain and sulphur declined.

The British Columbia export commodity price index, a composite index of the prices of the province's key exports, rose 4.1 per cent in Canadian dollar terms during the first half of 1999, compared to the first half of 1998.

Domestic Conditions
— Labour Market
and Population

Employment peaked in February at 1,933,700 jobs. Between February and July, employment fell by 53,000 jobs. However, on a year-to-date basis, employment was up 3.2 per cent from 1998.

During the first seven months, employment in the service sector was up 5.6 per cent while employment in the goods sector was down 5.4 per cent. Job losses were recorded in the construction and resource-related sectors. Job gains were recorded in the professional, scientific and technical; finance, insurance and real estate; trade and transportation; and warehousing sectors.

Chart 1.10 British Columbia Employment

Source: Statistics Canada

The unemployment rate climbed from 8.1 per cent in January to 8.6 per cent in August. The unemployment rate averaged 8.5 per cent in the first eight months of the year, down significantly from the 9.4 per cent average of the first eight months of 1998. Labour force growth mirrored employment growth during this period — the labour force declined during March, April, May and July and rose in January, February, June and August. In the first eight months, the labour force was up 2.2 per cent from the same period in 1998.

During the first quarter of 1999, British Columbia recorded a net increase of 1,782 persons, down 55.0 per cent from the first quarter of 1998. Net international in-migration more than offset the interprovincial outflow. This was the sixth consecutive quarter during which more people moved out of the province to other areas of Canada than moved to British Columbia from the other provinces. This was also the longest such streak of net interprovincial outflows on record since the early 1960s. Overall, the population of the province was estimated at 4,045,700 on July 1, 1999, up from 4,008,951 on July 1, 1998.

Wages and salaries were up 2.0 per cent during the first half of the year reflecting higher average levels of employment. Average weekly earnings rose 1.3 per cent. Inflation remained subdued due to lower prices for accommodation. In July, consumer price inflation was 1.4 per cent in British Columbia.

Domestic Conditions
— Consumer
Spending

Consumer spending remained weak to date in 1999. Retail sales were down 0.3 per cent during the first six months of the year. Unusually wet and cool weather may have been a factor, as well as low levels of net in-migration and a weak housing market. Consumer confidence rose in the first and second quarters but remained well below the peak reached during the third quarter of 1997. On the positive side, auto sales were up strongly following last year's large decline. During the first six months of 1999, auto sales were up 5.7 per cent in terms of volume and 9.2 per cent in terms of value.

Low levels of net in-migration contributed to a weak housing sector. Housing starts were down 30.0 per cent during the first seven months of the year compared to the

same period in 1998. Single-unit starts improved slightly in recent months, but the more volatile multiple-unit sector continues to sag. There has been some recent evidence of a turnaround with resales up 7.0 per cent during the first six months of the year compared to the same period last year. Prices of existing houses appear to have bottomed and were up 0.1 per cent on a year-to-date basis. New house prices, however, continued to fall, and were down 5.1 per cent in the first five months of the year.

The British Columbia tourism sector continues to benefit from a relatively low Canadian dollar. The number of visitor entries was up 11.2 per cent during the first six months of the year. At Vancouver International Airport, the number of enplaned and deplaned passengers was up 5.5 per cent during the January to May period.

Domestic Conditions
— Investment

The revised Statistics Canada survey of public and private investment intentions released in July suggested planned investment will post a 6.5 per cent current-dollar increase in 1999. Public investment is planned to increase 24.0 per cent reflecting the provincial government's increased capital spending. Projects proposed or underway include the *SkyTrain* expansion, the upgrade to the Lion's Gate Bridge and nearly \$500 million in planned highway construction.

Other capital projects underway in the province include several in the energy sector. The Alliance pipeline from Fort St. John to Chicago is currently under construction. Canadian Occidental Petroleum has also announced it will invest up to \$110 million in northeastern British Columbia to develop the Hay heavy oil field.

At the Vancouver International Airport, a \$3.5 million renovation of the South Terminal is underway. In addition, a new hotel in the International Terminal is under construction and expected to open in December 1999. Other projects planned for the future include another nine aircraft gates, an office tower to house airport administration and other tenants, an extension of the apron areas around the main terminal complex and a second car parkade.

Outlook

Developments to date are consistent with a forecast for real GDP growth in 1999 of 1.0 per cent or higher. Private sector forecasts as of August averaged 0.7 per cent for 1999.

The Ministry of Finance and Corporate Relations budget economic forecast was for growth of 2.0 per cent in 2000, slightly higher than the private sector average of 1.6 per cent.



Industrial Structure

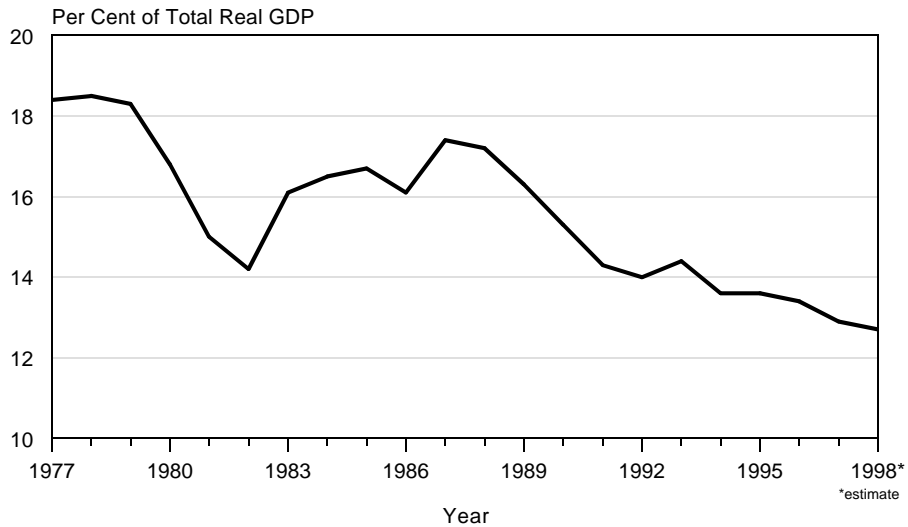
Diversification

During the past 25 years, the British Columbia economy has become more diversified in terms of its industrial structure, employment, production, trade and income base. This topic box covers the different aspects of the province's economic diversification.

The British Columbia economy has evolved from one based on the harvest and export of resources, including trees, minerals and fish, to a more complex industrial structure that encompasses secondary manufacturing and an extensive service sector.

During the last 20 years, the service sector grew at a faster pace than the resource sector (agriculture, fishing, mining, forestry and related manufacturing). As a result, the resource sector's share of the economy fell from almost 25 per cent in the mid-1960s, to 17 per cent in the mid-1980s, to under 13 per cent in 1998¹.

Chart 1 Resource Sector Shrinking

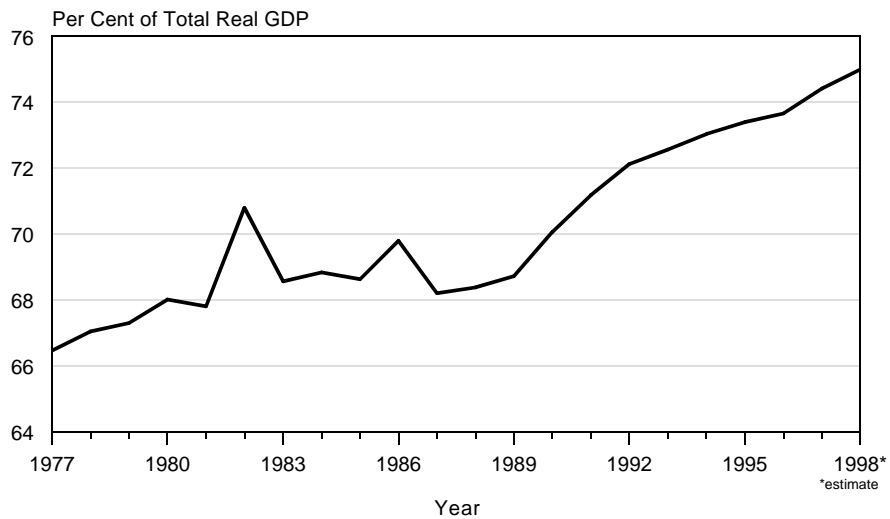


Some industries within the service sector developed from industries that historically played an important role in the province. For example, British Columbia now exports its expertise in pulp and paper production. In addition, value-added manufacturing (prefabricated buildings, window and door frames and mouldings) has developed out of efforts to make better use of the province's natural resources and to reduce wood waste.

Tourism and eco-tourism resulted from the province's natural beauty and variety of terrain. From the coastal regions to the interior to the far north of the province, new adventure getaways have emerged including heli-skiing, whale-watching tours, leisure train travel, rafting, horseback riding and kayaking.

¹ At the time of writing, Statistics Canada has not yet released estimates of gross domestic product (GDP) by industry for 1998. The 1998 GDP figures used in this topic box are based on historical Statistics Canada data and the Conference Board of Canada forecast, *Spring 1999*.



Chart 2 Service Sector Expanding

Recently, British Columbia's scenic vistas, skilled labour force and relatively low production costs have helped develop a healthy film industry. British Columbia is the third largest film and television production centre in North America, behind California and New York. In 1998, \$808 million was spent on feature films and television production, a 28 per cent increase from 1997. (See Topic Box on British Columbia's Film and Television Industry.)

Other new industries emerged with changes in technology. British Columbia has a growing high-technology industry with computer services (including Internet providers and technical support services) making up one-third of the province's high-technology establishments. British Columbia companies such as Ballard Power, Spectrum Signal, Electronic Arts, QLT Phototherapeutics and MacDonald Dettwiler are at the leading edge of developments in alternative energy (fuel cell technology), communications, biotechnology and electronic multimedia entertainment fields. The high-technology sector grew 10.8 per cent in 1997 (latest data available), outpacing overall British Columbia economic growth, and now accounts for an estimated 3.1 per cent of provincial gross domestic product (GDP).

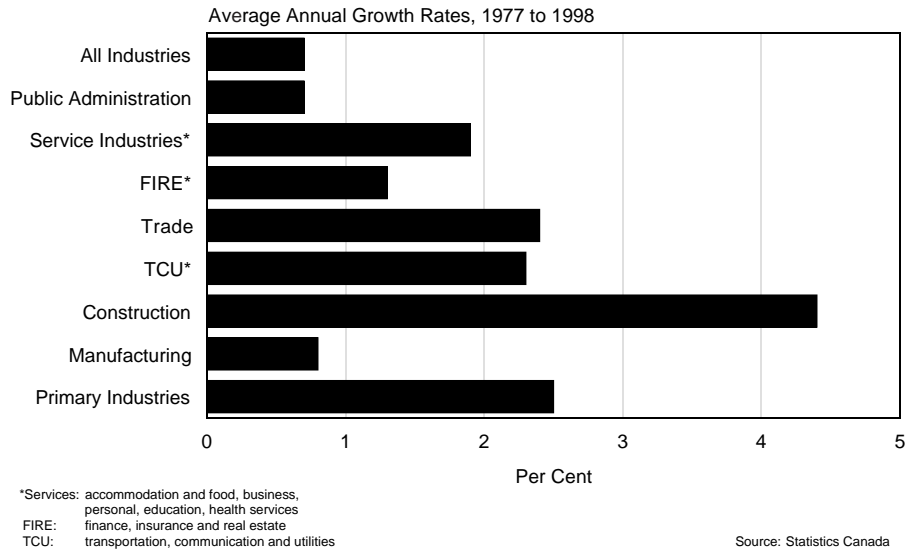
In addition, there have been changes within traditional industries such as agriculture. British Columbia farmers began growing medicinal plants like ginseng, echinacea and buckthorn. British Columbia's interior is particularly well suited to ginseng production, and is now the third largest grower of ginseng in the world. Cranberry cultivation in the province has grown to meet increasing demand for cranberry juice. The province produces about 17 million kilograms of cranberries, valued at \$25 million. These berries are grown by 50 family farm operations on 1,150 producing hectares. The province's wine industry has also expanded and gained world-wide recognition as producers of quality wines. The province's greenhouse growers, both vegetable and floriculture, have been successful in establishing a solid production and export industry. Floriculture and nursery products grew strongly and increased significantly as a source of agricultural revenue. Tree fruits, which traditionally were the largest source of crop receipts, accounted for only about 8 per cent of British Columbia's agricultural revenue in 1998, down from 23 per cent in 1978.



Employment

Along with the changing industrial structure, shares of employment have shifted. In 1977, 30.1 per cent of employed people worked in the goods-producing sector. In 1998, that share fell to 22.6 per cent.

Chart 3 Service Sector Posted Faster Employment Growth



Conversely, service sector share rose. Within the service-producing sector, services to business management, health and welfare services, and accommodation and food services were the fastest growing industries during the past 20 years.

Manufacturing

British Columbia's manufacturing sector has diversified although wood, pulp and paper production still dominate the sector. Growth in machinery and equipment, electronics, apparel and agri-food manufacturing all outpaced growth in pulp and paper production in recent years.

Machinery and equipment manufacturing includes manufacturing of motor vehicles, recreational vehicles and auto parts. This industry is concentrated in two areas — the Toyota wheel manufacturing facility in Delta and Western Star Trucks in Kelowna. More recently, production of airplanes, airplane parts, computers and electronics has contributed to the product mix.

Apparel manufacturers in British Columbia have benefited from links with Asia as well as a favourable exchange rate. Asian countries have been an important source of textiles and a market for finished goods. A relatively low Canadian dollar has made apparel manufacturers more competitive resulting in a sharp increase in clothing exports to the U.S. The apparel industry in British Columbia has also developed some key niche markets including extreme sportswear and high-quality outdoor apparel.

Plastics manufacturing is part of the rapidly growing "new economy", based on knowledge-intensive secondary manufacturing and services. The British Columbia plastics industry is comprised of more than 160 companies with total sales of about \$600 million in 1997. Products include packaging (plastic grocery bags, milk crates, food containers); housings for the electronics industry; automotive accessories; plastic pipes and tubing for industrial and household use; household/hardware products; and point of purchase displays and sporting goods. The packaging sub-sector remains British Columbia's strongest, with the highest percentage of sector sales.



Exports and Trading Partners

The province now exports a wide range of non-traditional products, compared to the beginning of the decade. Since 1990, non-resource exports as a percentage of total merchandise exports have increased from 12 per cent to 23 per cent in 1998. Machinery and equipment exports accounted for most of the increase with their share of total exports more than doubling to 12.1 per cent in 1998. Exports of high-technology commodities including aircraft and aircraft parts, communication and electronic equipment, computers and machinery, reached three-quarters of a billion dollars in 1998.

British Columbia has a more diverse range of trading partners than Canada. In other words, British Columbia is less dependent on a single trading partner. Although the U.S. is the province's largest single export market the province has two other key markets. The rest of Canada accounts for 30 per cent of British Columbia's exports. Asia accounts for just over 20 per cent, with Japan the dominant market. This share can be expected to increase as growth picks up in British Columbia's Asian trading partners following the recent decline due to the recession in these countries. By contrast, the U.S. purchases 75 per cent of Canada's exports and Asia takes only 8 per cent of Canadian exports.

Diversity in the Regions

Growth in secondary manufacturing, high technology, film and tourism industries is not limited to the Lower Mainland — the other regions have expanded its range of industries as well. For example, the Okanagan, which has traditionally been an agriculture-based economy, has diversified into wine making and winery tours, food manufacturing (Sun-Rype products) and high technology. Manufacturing (Western Star Trucks) has emerged as an important industry in the area. In the Kootenay region, Nelson is home to a company that manufactures electronic parts for the auto industry.

Income Dependency

British Columbia's traditional sources of income were forestry, mining and fishing. However, as the economy diversified, the sources of income have also changed.

BC STATS recently produced a study of economic dependencies for 63 local areas outside the Lower Mainland². The paper used information from the 1996 Census to identify sources of income that support local economies within the province. Income for each area was allocated to 12 sources including tourism, forestry, fishing, mining, agriculture, public sector, transfer payments, high technology and construction income. Forestry was the largest source of income in less than 40 per cent of the 63 local areas examined in the study, but covering less than 10 per cent of British Columbia's total population. Of the 25 areas where forestry contributed the largest share of total income, almost all had at least two other industries contributing to at least 30 per cent of total income.

In addition, larger regional centers have emerged and diversified their economies. These include Kamloops, Kelowna, Nanaimo and Prince George, and represent about 8.4 per cent of British Columbia's population.

² B.C. *Local Area Economic Dependencies and Impact Ratios-1996*, BC STATS, Ministry of Finance and Corporate Relations, May 1999.



Chapter Two

Financial Review



Public Accounts Cover Design, Office of the Comptroller General

Chapter 2 Financial Review¹

Introduction

This chapter provides information on the financial results of government and its Crown corporations and agencies and includes:

- an overview of financial results since the 1980s;
- an overview of the summary financial statements (summary accounts)² for 1998/99. These statements combine the financial results of government with its Crown corporations and agencies;
- details on the consolidated revenue fund (CRF) for 1998/99 (government's main operating account);
- aggregated information on Crown corporations and agencies for 1998/99;
- details on provincial borrowing activity and debt (including Crown corporations and agencies);
- capital spending initiatives for government and its Crown corporations and agencies; and
- information on trust funds (money that is administered by government on behalf of third parties) and other liabilities.

Historical Overview

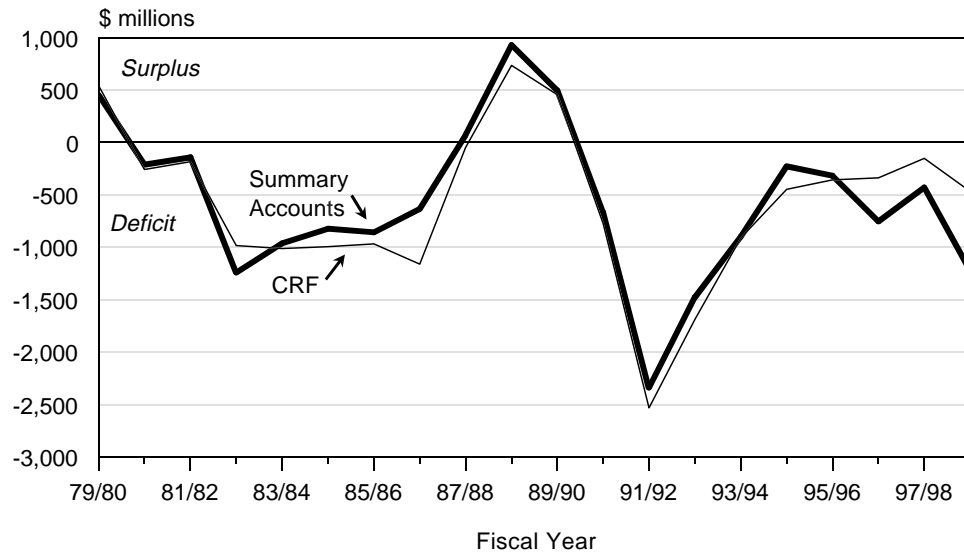
The finances of the provincial government and its Crown corporations are closely tied to the performance of the province's economy. During the early 1980s, the recession and subsequent slow recovery in British Columbia caused provincial revenue to weaken while provincial spending increased. As a result, from 1982/83 to 1986/87, the provincial government's CRF experienced budget deficits of about \$1 billion per year. However, on a summary accounts basis, the CRF deficit was partially offset by the combined net profits of provincial Crown corporations and agencies (see Chart 2.1).

From 1987/88 to 1989/90, a strong turnaround in the provincial economy and various revenue measures led to an improvement in the government's finances. In 1988/89 and 1989/90, the government's CRF recorded annual surpluses of \$736 million and \$456 million, respectively. The inclusion of the combined net profits of Crown corporations and agencies led to even larger surpluses on a summary accounts basis, peaking at \$930 million in 1988/89.

¹ Revenue, expenditure and surplus (deficit) information in this chapter is based on *1998/99 Public Accounts* information. Figures are consistent with the government's organization and accounting policies effective March 31, 1999, which include the effect of capitalization for certain assets held by the consolidated revenue fund. For comparative purposes, information for certain prior years has been restated. For additional information on accounting policy and a glossary of terms used in this chapter, see Appendix 2.

² The provincial government's financial statements consist of the consolidated revenue fund statements and the summary financial statements (summary accounts), which combine the results of the consolidated revenue fund with provincial government Crown corporations and agencies.

Chart 2.1 Consolidated Revenue Fund and Summary Account Historical Trends



After 1989/90, slower economic growth and continuing cutbacks to federal transfers dampened revenue growth while government spending continued to increase in response to growing demand for government services, partly caused by high in-migration. This led to government CRF deficits beginning in 1990/91. In 1991/92, the government's CRF deficit peaked at \$2.5 billion, and after including Crown corporation net profits, the summary accounts deficit totalled \$2.3 billion.

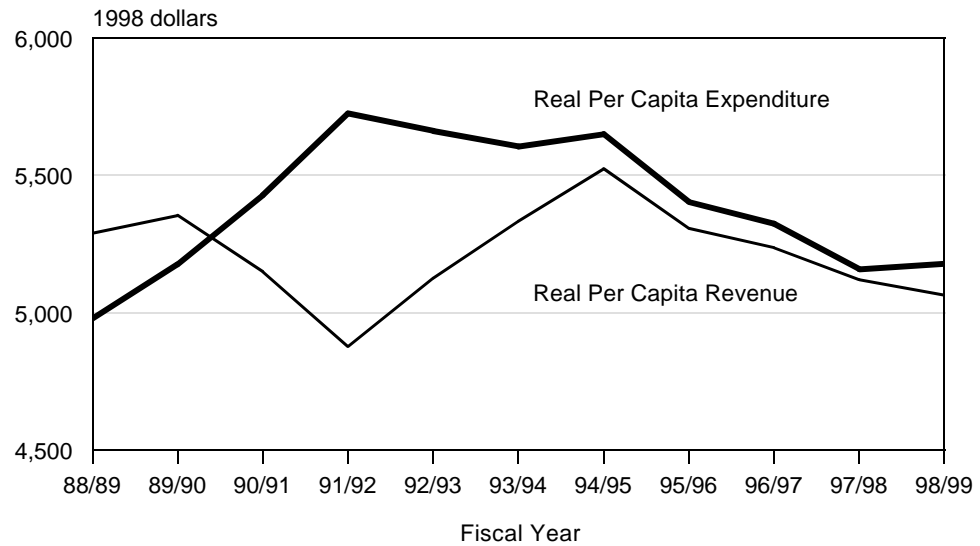
Beginning in 1992/93, revenue measures and government action to reduce spending growth helped to reduce the government's CRF deficit to \$151 million in 1997/98. However, beginning in 1995/96 the summary accounts deficit showed a deterioration primarily due to increased net losses of Crown corporations and agencies.

A slowdown in revenue growth, in part due to the weak provincial economy in 1998, coupled with increased spending resulted in the CRF deficit rising to \$466 million in 1998/99. In addition, combined net losses of Crown corporations and agencies of \$753 million increased the summary accounts deficit to \$1.2 billion.

Chart 2.2 shows how the provincial government's real per capita revenue and expenditure of the CRF has changed as a result of changes in the economy and the government's fiscal policies. In the late 1980s, real per capita revenue exceeded expenditure due to a strengthening economy and the effect of revenue measures. However, in 1990/91 and 1991/92, provincial finances deteriorated as real per capita revenue declined and real per capita expenditure increased due to a slowdown in the provincial economy. In 1991/92, the deficit gap between real per capita revenue and expenditure widened to \$847 (1998 dollars). Although deficit-reduction efforts by government narrowed the gap to \$38 in 1997/98, it widened to \$116 in 1998/99, due to the weak economy and increased spending as a result of a record fire season and increased demand for services.

Real per capita revenue of the CRF fell 1.1 per cent in 1998/99, following a 2.2-per-cent decrease in 1997/98. Lower revenue from taxation and natural resources accounted for most of the decline in 1998/99. Real per capita revenue has declined every year since 1994/95.

Real per capita spending increased 0.4 per cent in 1998/99, following a 3.1-per-cent decline in 1997/98 and declines in each of the previous two years.

Chart 2.2 Real Per Capita Revenue and Expenditure

Appendix Tables A2.4 to A2.9 provide historical data on revenue and expenditure, including growth rates, per capita amounts and revenue and expenditure as a percentage of provincial gross domestic product. A glossary of terms used in this chapter is also included in Appendix 2.

1998/99 Overview

Summary Accounts

The combined financial results of the government's CRF and its Crown corporations and agencies are reported in the government summary financial statements. On a summary accounts basis, Table 2.1 shows that there was a deficit of \$1,219 million in 1998/99. This consisted of the CRF deficit of \$466 million and net losses of taxpayer-supported Crown corporations and agencies totaling \$850 million, partially offset by unremitted net profits of commercial Crown corporations and agencies totalling \$97 million.

The 1998/99 summary deficit was \$270 million higher than budget and \$789 million higher than in 1997/98. The increase from budget was mainly due to a deterioration in the operating results of the consolidated revenue fund, partially offset by stronger-than-expected operating results of the Insurance Corporation of British Columbia.

The increase in the deficit compared to 1997/98 mainly reflects the higher deficit of the consolidated revenue fund, higher losses of taxpayer-supported Crown corporations and agencies, particularly Forest Renewal BC and the British Columbia Ferry Corporation, and an increase in the amount of highway infrastructure costs written off from the BC Transportation Financing Authority.³

Consolidated Revenue Fund

Net revenue for the year was \$135 million below budget at \$20.3 billion. Lower-than-budgeted revenue from government enterprises, natural resources and other revenues more than offset higher revenue from federal contributions and taxation. Net revenue of the consolidated revenue fund increased 0.4 per cent in 1998/99, the same rate of growth as in the previous year.

³ The government's accounting policies with respect to the capitalization of assets did not apply to highway infrastructure costs in 1998/99. As a result, capitalized highway infrastructure costs of the BC Transportation Financing Authority were written off (expensed) in preparing the government's summary financial statements.

**Table 2.1 Summary of Results
Consolidated Revenue Fund and Summary Financial Statements**

	Budget Estimate 1998/99	Actual 1998/99	Actual 1997/98 ¹
		(\$ millions)	
Consolidated revenue fund (CRF) surplus (deficit)	(95.0)	(465.6)	(150.9)
Taxpayer-supported Crown corporations and agencies:			
Net earnings (losses).....	(330.0)	(339.8)	(20.1)
Accounting policy and other adjustments ²	(523.0)	(510.3)	(325.3)
Net contribution to the summary financial statement surplus (deficit).....	(853.0)	(850.1)	(345.4)
Commercial Crown corporations and agencies: ³			
Net earnings (losses) ⁴	1,463.0	1,521.7	1,325.9
Less: Contributions to the CRF and other organizations ⁵	(1,464.0)	(1,425.0)	(1,259.7)
Net contribution to the summary financial statement surplus (deficit).....	(1.0)	96.7	66.2
Total Crown corporation and agency net contribution to summary financial statement surplus (deficit).....	(854.0)	(753.4)	(279.2)
Summary financial statement surplus (deficit).....	(949.0)	(1,219.0)	(430.1)

¹ Certain figures have been restated to be consistent with the presentation used for 1998/99.

² Includes adjustments required to present the financial results of Crown corporations and agencies on the same basis as the accounting policies used for the consolidated revenue fund. The adjustment primarily represents the write-off of highway infrastructure expenditures of the BC Transportation Financing Authority; the elimination of payments to, or dividends received from, government agencies by the consolidated revenue fund which are included in the operating results of the agencies; and a valuation adjustment in respect of British Columbia Transit assets transferred to the Greater Vancouver Transportation Authority (later renamed TransLink).

³ Primarily includes the British Columbia Hydro and Power Authority, the Insurance Corporation of British Columbia, British Columbia Lottery Corporation, the Liquor Distribution Branch, and the British Columbia Railway Company.

⁴ Includes minor accounting adjustments which increased net income by \$1 million in 1997/98.

⁵ Includes dividends from commercial Crown corporations that are included in CRF revenue, and transfers of British Columbia Lottery Corporation revenue to charitable organizations by the British Columbia Gaming Commission.

In 1998/99, an additional \$422 million of dedicated revenue was collected by the government on behalf of, and transferred to, provincial Crown corporations and agencies (see Table 2.2). These revenues are included as part of the operations of Crown corporations and agencies which are incorporated into the government's summary financial statements.

Expenditure was \$236 million above budget at \$20.8 billion. Unexpected spending pressures in the Ministries of Health, Forests, Children and Families, and Attorney General offset lower spending in most ministries. Spending for the year increased 2 per cent, compared to a decline of 0.5 per cent in 1997/98.

As expenditure exceeded revenue in 1998/99, the consolidated revenue fund had a deficit of \$466 million. This was \$371 million higher than the budget estimate of \$95 million and \$315 million higher than the comparable deficit for 1997/98.

The financial requirements of the CRF consisted of the deficit of \$466 million plus net disbursements for financing and working capital transactions of \$535 million for a total of \$1 billion. Requirements for financing and working capital transactions were higher than planned due to lower cash instalments of personal income tax received from the federal government, higher foreign exchange debt adjustments and delayed revenue collections. The higher-than-expected financial requirements were met through a \$298-million reduction in cash and temporary investment balances, and a \$702-million increase in government direct operating debt, \$427 million more than budgeted.

**Table 2.2 Summary of Operating and Financing Transactions
Consolidated Revenue Fund¹**

	Budget Estimate 1998/99	Actual 1998/99	Actual 1997/98 ²
		(\$ millions)	
Gross revenue.....	21,043.0	20,727.8	20,924.4
Less: Dedicated revenue transferred to Crown corporations and agencies ³	(602.0)	(421.7)	(708.5)
Net revenue.....	20,441.0	20,306.1	20,215.9
Expenditure.....	20,536.0	20,771.7	20,366.8
Surplus (deficit).....	(95.0)	(465.6)	(150.9)
Net receipts (disbursements) from financing and working capital transactions ⁴	(300.0)	(534.8)	(16.7)
Decrease (increase) in cash and temporary investments.....	120.0	298.1	(289.9)
Net (increase) decrease in government direct operating debt ⁵	(275.0)	(702.3)	(457.5)

¹ Figures based on 1998/99 *Public Accounts* information.

² Figures for 1997/98 have been restated to reflect the phase in of a change in accounting policy in respect of tangible capital assets. The effect of this restatement reduces 1997/98 expenditure and the deficit by \$1.5 million. 1997/98 revenue and expenditure have been restated to report sinking funds earnings as a deduction from expenditure. Previously, these earnings were reported as revenue. The 1997/98 deficit is unchanged by this accounting policy change. Further information is shown in Appendix 2 — Accounting Changes Effective in 1998/99.

³ Includes dedicated revenue collected on behalf of, and transferred to, British Columbia Transit, BC Transportation Financing Authority, Forest Renewal BC, Tourism British Columbia and the Oil and Gas Commission. These revenues are included as part of the operations of the Crown corporations and agencies. Further information is provided in Appendix 2.

⁴ Financing and working capital transactions represent either a source or use of funds, such as the payment or collection of loans and accounts payable/receivable, or non-cash transactions including allowances for doubtful accounts. They do not cause a change in the annual surplus (deficit) but only a change in the composition of the government's assets and liabilities.

⁵ Includes direct debt incurred for government operating purposes and does not include direct capital financing debt or debt incurred by, or on behalf of, Crown corporations and agencies.

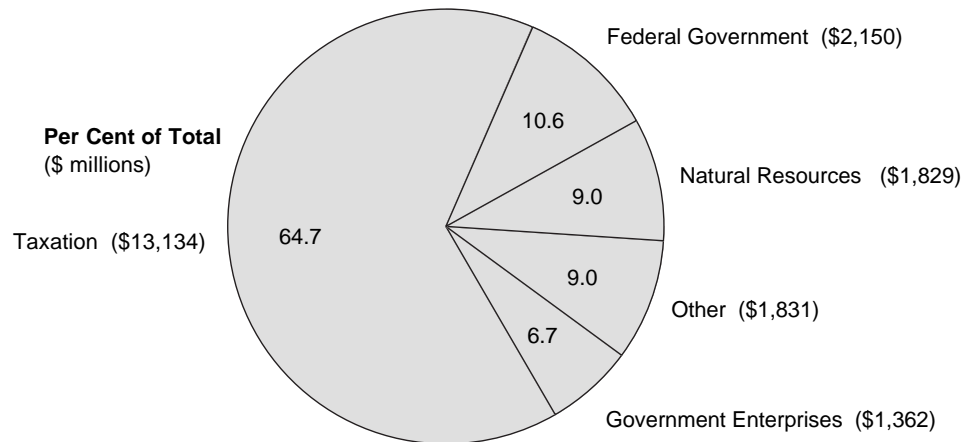
Consolidated Revenue Fund Revenue

Net revenue of the consolidated revenue fund totalled \$20,306 million in 1998/99, \$135 million below budget but up 0.4 per cent from the previous year. Lower-than-budgeted revenue from government enterprises, natural resources and other sources more than offset higher-than-budgeted revenue from federal contributions and taxation.

A revenue allowance of \$130 million was included in the 1998/99 budget to provide a cushion corresponding to real economic growth of 0.3 per cent, 0.6 percentage points lower than the Ministry of Finance and Corporate Relations' 1998 budget economic forecast of 0.9 per cent growth. During 1998/99, revenue from individual sources was \$265 million below budget, reflecting, in part, weaker-than-assumed economic performance. The budget revenue allowance reduced this shortfall, resulting in total net revenue of the CRF being \$135 million below budget. Chart 2.3 provides a breakdown of government revenues by source.

An additional \$422 million in dedicated revenue was collected on behalf of, and transferred to certain provincial Crown corporations, agencies and other public bodies in 1998/99. Appendix 2 provides a breakdown of dedicated revenue transferred to provincial Crown corporations, agencies and other public bodies.

Taxation revenue of \$13,134 million was \$30 million higher than budget and 0.2 per cent higher than in 1997/98. Higher-than-budgeted revenue from corporation income, corporation capital, tobacco and fuel taxes more than offset lower-than-budgeted revenue from property transfer, social service, and personal income taxes.

Chart 2.3 Consolidated Revenue Fund Revenue by Source, 1998/99*

*Excludes dedicated revenue collected on behalf of Crown corporations and agencies.

Total: \$20,306 million

Provincial personal and corporation income taxes are collected by the federal government and remitted to the province in regular instalments based on federal government projections. Prior-year adjustments are made in the following year when actual tax collections are known. The province records personal income tax revenue on an accrual basis; that is, revenue is the estimated tax due for the fiscal year regardless of the timing of the actual cash receipts. On the other hand, corporation income tax revenue is recorded when cash payments are received.

Personal income tax revenue was \$9 million below budget as the effect of lower-than-expected growth in personal incomes in 1998 was partially offset by higher-than-expected final assessments for the 1997 taxation year. Revenue was 1.1 per cent higher than in 1997/98, reflecting growth in personal incomes partially offset by the effect of tax reduction measures introduced in 1997/98 and 1998/99. For the 1998 taxation year, the provincial personal income tax rate was reduced to 50.5 per cent from 51.0 per cent of basic federal tax. BC Family Bonus entitlements of \$112 million, representing 32 per cent of total entitlements, were deducted from personal income tax revenue in 1998/99 — the remaining 68 per cent was reported as program expenditure. Although corporation income tax revenue was \$123 million above budget due to higher-than-expected final assessments for the 1997 tax year, it was 3.5 per cent lower than in 1997/98 due to a lower British Columbia share of the national tax base.

Social service tax revenue of \$3,209 million was \$74 million below budget and down 1 per cent from the previous year. The decline from budget was mainly due to weaker-than-expected retail sales activity, particularly automobiles and other durable goods. Social service tax revenue does not include \$11 million of dedicated sales tax on short-term car rentals collected on behalf of, and transferred to, the BC Transportation Financing Authority in 1998/99.

Property tax revenue of \$1,336 million was \$6 million above budget and up 2.9 per cent from 1997/98, due to higher assessments and growth in the tax base. In 1998/99, home owner grants of \$475 million were deducted from property tax revenue.

Fuel tax revenue of \$654 million was \$11 million above budget and 1.9 per cent higher than in 1997/98 due to higher-than-expected sales volumes. Fuel tax revenue does not include \$207 million of dedicated revenue collected on behalf of, and transferred to, British Columbia Transit and the BC Transportation Financing Authority in 1998/99.

Other tax revenues of \$1,461 million were \$14 million below budget and 0.3 per cent higher than in 1997/98. Tobacco tax revenue was \$22 million above budget due to higher-than-assumed taxed consumption volumes. Property transfer tax revenue was \$87 million below budget and 28 per cent lower than in 1997/98, due to a weak housing market — in 1998, MLS residential sales volumes fell 15 per cent from the previous year. Corporation capital tax revenue was \$46 million above budget due to a larger tax base and increased compliance. Revenue from hotel room and insurance premium taxes was \$5 million and \$3 million above budget, respectively. Horse racing tax revenue was \$2 million below budget. Consistent with government accounting policy, an allowance for collections of doubtful revenue accounts of \$23 million was deducted from taxation revenue for the year. This was \$14 million higher than budget mainly due to increased allowances for social services tax collections.

Natural resource revenue of \$1,829 million was \$134 million below budget and 17 per cent lower than in 1997/98. Lower-than-budgeted revenue from forests and petroleum and natural gas was partly offset by higher-than-budgeted revenue from water resources and minerals.

Revenue from petroleum and natural gas was \$31 million below budget and 19 per cent lower than in 1997/98. Natural gas royalties were \$36 million above budget, reflecting stronger-than-expected prices and volumes during the peak winter months. However, revenue from sales of Crown land drilling rights was \$54 million below budget due to weak exploration activity. Petroleum royalties were \$13 million below budget due to a 33-per-cent drop in North American oil prices to US \$14 per barrel in 1998. Mineral revenues were \$5 million above budget in 1998/99 due to higher assessments.

Forests revenue of \$1,093 million was \$130 million below budget and 20 per cent lower than in 1997/98. The decline from budget was due to lower revenue from timber sales, the small business forest enterprise program (SBFEP) and logging tax, partly offset by higher-than-budgeted collections of softwood lumber export fees. Timber sales to major licensees were \$58 million below budget as the effects of weaker-than-expected harvest volumes on the Coast (down 7.4 per cent due to weak commodity prices) and lower average billed rates in the Interior were partly offset by higher-than-budgeted harvest volumes in the Interior (up 4.0 per cent).

SBFEP revenue was \$80 million below budget due to lower harvest volumes (down 10.6 per cent from budget) and lower-than-expected average billed rates. Logging tax revenue was \$12 million below budget reflecting weak pulp prices. Other forests revenue was \$19 million above budget mainly due to a higher-than-expected payment received from the federal government for softwood lumber export fees collected in 1997/98. Forests revenue to the consolidated revenue fund does not include \$177 million of stumpage revenue collected under the Forest Renewal Plan on behalf of Forest Renewal BC in 1998/99. This revenue is included as part of the operating results of Forest Renewal BC (see Chapter 7).

Revenue from water resources was \$22 million above budget mainly due to additional sales of electricity received through the Columbia River Treaty.

Other revenue of \$1,831 million was \$238 million below budget but 1.8 per cent higher than in the previous year. Revenue from fees and licences was \$85 million below budget mainly due to lower revenue from Crown land sales, public gaming licences and Medical Services Plan premiums. Delays in the finalization of a number of asset disposition initiatives caused revenue from asset dispositions to be \$120 million below budget. Miscellaneous revenue was \$55 million below budget mainly due to lower year-end recoveries from various sources. Consistent with government accounting policy, commissions and allowances for doubtful revenue accounts of \$89 million were deducted from revenue for the year. This was \$18 million lower than budget mainly due to lower commissions retained by the Insurance Corporation of British Columbia.

Contributions from government enterprises of \$1,362 million were \$187 million below budget but 6.4 per cent higher than in 1997/98. Net income of the Liquor Distribution Branch was \$19 million below budget due to lower-than-expected sales. The dividend from the British Columbia Hydro and Power Authority was \$50 million below budget due to lower domestic revenue and higher energy costs partly offset by higher electricity trade revenue. Contributions from the British Columbia Lottery Corporation were \$17 million below budget due to lower ticket sales in response to smaller jackpots, and levels of expanded gaming activities.

Contributions from other Crown corporations were \$101 million below budget, reflecting the deferral to 1999/00 of all or portions of budgeted dividends from the British Columbia Buildings Corporation, the British Columbia Railway Company and other corporations.

Contributions from the federal government of \$2,150 million were \$264 million above budget and 17 per cent higher than in 1997/98. Revenue from the Canada health and social transfer (CHST) was \$248 million above budget mainly due to additional cash entitlements of \$170 million resulting from revisions to population estimates by Statistics Canada. Additional contributions of \$78 million were received due to a higher-than-expected entitlement resulting from the federal government's commitment to provide a \$12.5-billion cash floor to provinces and territories. CHST revenue is the amount of entitlement remaining after deducting 13.5 points of personal income tax and one point of corporation income tax from the total provincial entitlement. Other federal contributions were \$16 million above budget due to additional contributions for education, employment assistance for disabled persons and other programs.

As noted earlier, a revenue allowance of \$130 million was included in the 1998/99 budget to provide a cushion corresponding to real economic growth of 0.3 per cent, 0.6 percentage points lower than the Ministry of Finance and Corporate Relations' 1998 budget economic forecast of 0.9 per cent growth. During the year, revenue from individual sources was \$265 million below budget, reflecting, in part, weaker-than-assumed economic performance, with real provincial GDP estimated to have declined 0.5 per cent in 1998. The budget revenue allowance reduced this shortfall, resulting in total revenue being \$135 million below budget.

**Table 2.3 Revenue by Source
Consolidated Revenue Fund¹**

	Budget Estimate 1998/99	Actual 1998/99	Actual 1997/98	Change ²
		(\$ millions)		(per cent)
Taxation Revenue:				
Personal income.....	5,432.0	5,423.0	5,362.0	1.1
Corporation income.....	975.0	1,097.7	1,137.7	(3.5)
Social service.....	3,283.0	3,209.2	3,243.2	(1.0)
Property.....	1,330.0	1,336.0	1,298.5	2.9
Fuel.....	643.0	653.5	641.6	1.9
Other.....	1,475.0	1,461.4	1,457.1	0.3
Less commissions on collection of public funds.....	(25.0)	(23.8)	(24.1)	(1.2)
Less allowance for doubtful accounts.....	(9.0)	(23.3)	(12.8)	82.0
	<u>13,104.0</u>	<u>13,133.7</u>	<u>13,103.2</u>	0.2
Natural Resource Revenue:				
Petroleum and natural gas.....	393.0	362.2	446.5	(18.9)
Minerals.....	39.0	43.9	51.8	(15.3)
Forests.....	1,223.0	1,092.8	1,364.3	(19.9)
Water.....	300.0	322.3	321.9	0.1
Other.....	16.0	14.4	14.4	—
Less commissions on collection of public funds.....	(2.0)	(1.1)	(1.1)	—
Less allowance for doubtful accounts.....	(6.0)	(5.0)	(0.6)	—
	<u>1,963.0</u>	<u>1,829.5</u>	<u>2,197.2</u>	(16.7)
Other Revenue:				
Fees and licences.....	1,654.0	1,568.6	1,591.8	(1.5)
Investment earnings.....	46.0	51.0	47.6	7.1
Miscellaneous.....	292.0	237.2	231.5	2.5
Asset dispositions.....	183.0	63.1	24.0	—
Less commissions on collection of public funds.....	(77.0)	(54.9)	(76.2)	(28.0)
Less allowance for doubtful accounts.....	(29.0)	(33.6)	(19.4)	73.2
	<u>2,069.0</u>	<u>1,831.4</u>	<u>1,799.3</u>	1.8
Contributions from Government Enterprises:				
Liquor Distribution Branch ³	635.0	615.6	609.3	1.0
British Columbia Hydro and Power Authority ³	373.0	322.9	369.0	(12.5)
British Columbia Lottery Corporation ³	386.0	369.4	281.4	31.3
Other.....	155.0	54.0	20.0	—
	<u>1,549.0</u>	<u>1,361.9</u>	<u>1,279.7</u>	6.4
Contributions from the Federal Government:				
Canada health and social transfer.....	1,720.0	1,968.0	1,637.0	20.2
Other.....	166.0	181.6	199.5	(9.0)
	<u>1,886.0</u>	<u>2,149.6</u>	<u>1,836.5</u>	17.0
Less: Revenue Allowance.....	(130.0)	—	—	—
Total Revenue.....	<u>20,441.0</u>	<u>20,306.1</u>	<u>20,215.9</u>	0.4

¹ Figures based on 1998/99 *Public Accounts* information. Figures exclude dedicated revenue totalling \$422 million collected on behalf of, and transferred to British Columbia Transit, BC Transportation Financing Authority, Forest Renewal BC, Tourism British Columbia and the Oil and Gas Commission. These revenues are included as part of the operations of the Crown corporations and agencies. Further information is provided in Appendix 2.

² Percentage change between 1998/99 actual and 1997/98 actual.

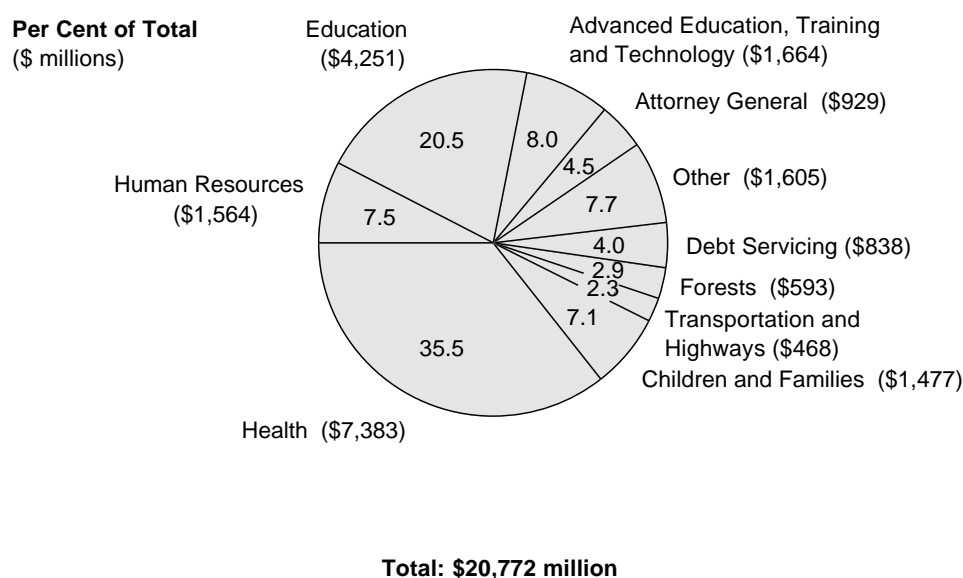
³ Government revenue may be different from the annual net income or dividends reported by the Liquor Distribution Branch, British Columbia Lottery Corporation (BCLC) and British Columbia Hydro and Power Authority due to year-end accounting adjustments and corrections for prior years. BCLC also remitted an additional \$77 million which was distributed to charities through the Ministry of Employment and Investment.

Consolidated Revenue Fund Expenditure

Expenditure of the consolidated revenue fund for 1998/99 totalled \$20,772 million, \$236 million above budget and \$405 million or 2 per cent higher than 1997/98. During the year, expenditure pressures emerged in the Ministries of Health, Forests, Children and Families, and Attorney General, and for BC Benefits. These pressures were partially offset by budget management measures to reduce spending in other areas. As a result, spending was on or below budget in 12 of the 19 ministries by year-end.

In 1998/99, six ministries — Health; Education; Advanced Education, Training and Technology; Human Resources; Children and Families; and Attorney General — accounted for 83 per cent of total provincial government expenditure. Interest payments on the government's direct operating debt accounted for 4.0 per cent of expenditure (see Chart 2.4).

Chart 2.4 Consolidated Revenue Fund Expenditure by Ministry, 1998/99



Expenditure results by ministry are shown in Table 2.4. Changes in expenditure authorizations during the 1998/99 fiscal year are summarized in Appendix Table A2.3.

Expenditure by the Ministry of Aboriginal Affairs of \$29 million was \$3 million below budget mainly because of lower spending requirements in support of the land claims negotiation process.

Ministry of Advanced Education, Training and Technology expenditure of \$1,664 million was slightly below budget. Ministry spending was \$51 million or 3.1 per cent higher than in 1997/98, and included increased contributions to educational institutions and organizations (up \$31 million) and higher spending for student financial assistance (up \$26 million). Capital and debt financing contributions were \$17 million lower than last year due to a change in the method of financing capital debt (see Appendix 2 for more details).

Ministry of Agriculture and Food expenditure of \$62 million was slightly below budget but up \$10 million from 1997/98 mainly due to increased funding for the Agriculture Renewal Initiative.

Ministry of Attorney General spending of \$929 million was \$37 million above budget mainly due to higher-than-budgeted spending for claims under the *Crown Proceeding Act* and for flood and forest fire damage compensation. Ministry spending was slightly below last year as lower spending for flood and blizzard damage compensation was partially offset by higher spending for claims under the *Crown Proceeding Act*.

Spending by the Ministry for Children and Families totalled \$1,477 million in 1998/99, \$49 million above budget due to higher-than-anticipated demand for services for children-in-care and special needs children, and the community living program. Ministry spending was \$81 million or 5.8 per cent higher than comparable spending for the previous year because of expanded services and increased demand under the *Child, Family and Community Services Act*.

Ministry of Education expenditure of \$4,251 million was \$12 million below budget mainly due to lower costs for capital and debt financing. During the year, savings from lower-than-expected public school enrolment were used to fund provisions of the first year of the provincial collective agreement to enable smaller class sizes for Kindergarten to grade three (K-3), and better access to librarians, counsellors and support in critical areas. Ministry spending was \$93 million or 2.2 per cent higher than in 1997/98. Increases included operating contributions to K-12 public schools (up \$97 million), capital and debt financing (up \$10 million) and independent school contributions (up \$6 million). School support contributions decreased \$17 million. During the year, public school enrolment decreased 0.2 per cent and independent school enrolment rose 1.1 per cent.

Ministry of Employment and Investment expenditure of \$131 million was \$5 million or 3.5 per cent below budget mainly due to lower disbursements through the Build BC special account. Ministry spending was \$5 million lower than in 1997/98 as lower provisions for doubtful loans and payments of loan guarantees, and lower spending through the Build BC special account were partially offset by increased housing expenditures.

Ministry of Energy and Mines expenditure of \$56 million was \$6 million or 9.9 per cent below budget mainly due to lower spending for energy, mineral and resource development programs, and lower disbursements through the Northern Development Fund. Ministry spending was \$21 million lower than in 1997/98 as reduced funding for the Kemess mine was partially offset by a \$19-million increase in contributions to British Columbia Ferry Corporation.

Ministry of Environment, Lands and Parks expenditure of \$180 million was \$6 million below budget and \$8 million lower than the previous year due to the assumption of Crown land tenure administration by the British Columbia Assets and Land Corporation, program efficiencies and reduced spending for ministry administration.

Ministry of Finance and Corporate Relations expenditure of \$401 million was \$6 million above budget mainly due to increased provisions for doubtful loan collections. Ministry spending was \$7 million or 1.7 per cent higher than the previous year mainly due to higher contributions to British Columbia Transit.

Ministry of Forests spending of \$593 million was \$106 million above budget and 23 per cent above last year due to higher-than-expected forest fire suppression costs. 1998/99 was one of the worst fire seasons on record with fire fighting costs of \$194 million, up \$132 million from 1997/98. This overspending was partially offset by spending reductions in other areas.

Ministry of Health expenditure of \$7,383 million was \$142 million or 2 per cent above budget mainly due to acute and continuing care (up \$89 million), the Medical Services

Plan — including the Medical and Health Care Services special account — (up \$56 million), and Pharmacare (up \$26 million). These increases were partially offset by lower-than-budgeted spending for capital debt servicing (down \$20 million). Ministry spending rose \$324 million or 4.6 per cent from 1997/98, including increased spending for acute and continuing care (up \$184 million), the Medical Services Plan (up \$63 million), Pharmacare (up \$36 million), and adult mental health (up \$34 million).

Spending by the Ministry of Human Resources totalled \$1,564 million in 1998/99, slightly above budget. During the year, the average income assistance caseload decreased by 6.6 per cent, following an 8.4-per-cent decrease in 1997/98 due to success of BC Benefits programs and other initiatives to improve work incentives. Compared to the previous year, ministry expenditures fell by \$92 million or 5.6 per cent.

Ministry of Municipal Affairs spending of \$223 million was \$19 million below budget and \$41 million lower than last year mainly due to lower grant disbursements to local governments for infrastructure projects.

Ministry of Small Business, Tourism and Culture expenditure of \$86 million was on budget and \$11 million lower than 1997/98. The decline from the previous year reflects the transition of tourism development and marketing responsibilities to Tourism British Columbia, reduced expenditures for sport, culture, heritage and community grants, and reductions in other ministry programs.

Ministry of Transportation and Highways expenditure of \$468 million was \$3 million below budget due to lower spending for highway rehabilitation. Ministry spending was \$35 million lower than in 1997/98 due to reduced direct ministry funding of highway rehabilitation. During 1998/99, the ministry undertook \$239 million of capital construction and \$150 million of highway rehabilitation, on a cost-recovery basis, on behalf of the BC Transportation Financing Authority.

Management of Public Funds and Debt expenditure of \$838 million was \$42 million or 4.8 per cent below budget due to higher-than-expected earnings of sinking fund investments (held for retirement of government debt) and lower-than-assumed interest rates. This also contributed to costs being only 0.5 per cent higher than 1997/98, despite a higher level of debt outstanding.

BC Benefits expenditure of \$265 million was \$21 million above budget due to higher-than-expected program utilization. Spending was \$42 million lower than comparable spending in 1997/98 mainly due to changes to the BC Family Bonus program in response to the introduction of the federal National Child Benefit system.

Expenditure of the Insurance and Risk Management special account was \$6 million above budget and \$7 million higher than in 1997/98 due to a higher actuarial estimate of claims liability.

Expenditure in 1998/99 was reduced by \$116 million due to the annual amortization of a reduction in the unfunded pension liability of the Public Service Pension Plan, the Teachers' Pension Plan, and the Municipal Pension Plan. The annual amortization was \$52 million larger than expected due to an unanticipated reduction in the unfunded pension liability of the Municipal Pension Plan. In accordance with government accounting policy, the reduction in the unfunded pension liability is amortized over the expected remaining service life of the related employee groups. A similar annual adjustment will be recorded in future years.

**Table 2.4 Expenditure by Ministry
Consolidated Revenue Fund¹**

	Budget ² Estimate 1998/99	Actual 1998/99	Actual ² 1997/98	Change ³
		(\$ millions)		(per cent)
Legislation.....	32.0	35.1	32.2	9.0
Auditor General.....	6.9	6.6	6.8	(2.9)
Office of the Child, Youth and Family				
Advocate.....	1.2	1.1	1.2	(8.3)
Conflict of Interest Commissioner.....	0.2	0.2	0.2	—
Elections B.C.....	7.0	7.4	5.3	39.6
Information and Privacy Commissioner.....	2.5	2.3	2.4	(4.2)
Ombudsman.....	4.7	4.7	4.6	2.2
Office of the Premier.....	2.3	2.3	2.3	—
Aboriginal Affairs.....	31.4	28.7	28.5	0.7
Advanced Education, Training and Technology.....	1,664.0	1,663.9	1,613.3	3.1
Agriculture and Food.....	62.5	61.6	51.6	19.4
Attorney General.....	891.9	929.2	930.1	(0.1)
Children and Families.....	1,427.4	1,476.6	1,395.8	5.8
Education.....	4,262.4	4,250.9	4,157.5	2.2
Employment and Investment.....	135.4	130.7	135.9	(3.8)
Energy and Mines.....	61.9	55.8	77.2	(27.7)
Environment, Lands and Parks.....	186.5	180.4	188.2	(4.1)
Finance and Corporate Relations.....	395.1	401.2	394.5	1.7
Fisheries.....	19.9	19.9	16.6	19.9
Forests.....	486.9	592.5	483.4	22.6
Health.....	7,241.7	7,383.4	7,059.1	4.6
Human Resources.....	1,563.3	1,563.7	1,656.1	(5.6)
Labour.....	49.9	49.5	50.2	(1.4)
Municipal Affairs.....	241.4	222.6	263.8	(15.6)
Small Business, Tourism and Culture.....	85.3	86.0	97.0	(11.3)
Transportation and Highways.....	470.7	467.5	502.9	(7.0)
Women's Equality.....	37.4	37.4	37.4	—
Other Appropriations:				
Management of Public Funds and Debt.....	880.0	838.1	833.6	0.5
Contingencies (All Ministries).....	75.0	63.0	48.5	29.9
BC Benefits.....	244.4	265.2	307.3	(13.7)
Corporate Accounting System.....	10.6	10.5	10.9	(3.7)
Environmental Assessment and Land Use Coordination.....	15.7	15.3	12.0	27.5
Environmental Boards and Forest Appeals Commission.....	2.1	1.2	1.1	9.1
Forest Practices Board.....	5.3	4.6	4.8	(4.2)
Office of the Police Complaints Commissioner.....	0.8	0.8	0.2	—
Public Sector Employers' Council.....	3.3	3.0	1.6	87.5
Public Service Employee Relations Commission.....	11.1	10.4	10.1	3.0
Insurance and Risk Management Special Account.....	8.8	14.7	7.8	88.5
Amortization of change in unfunded pension liability.....	(64.3)	(116.3)	(64.3)	80.9
Other ⁴	(28.6)	—	(0.9)	(100.0)
Total Expenditure	20,536.0	20,771.7	20,366.8	2.0

¹ Figures based on 1998/99 *Public Accounts* information.

² Actual figures for 1997/98 and budget figures for 1998/99 have been restated to reflect the government's organization effective March 31, 1999. Actual ministry expenditures for 1998/99 include an adjustment to record capitalization of tangible assets. However, comparative ministry budget estimates are not available as the 1998/99 *Estimates* included a single government-wide estimate only.

³ Percentage change between 1998/99 actual and 1997/98 actual.

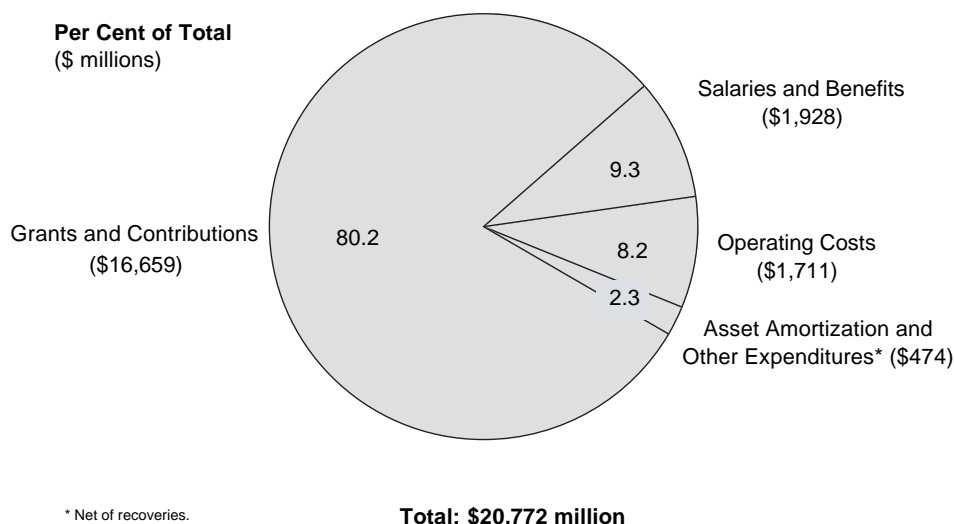
⁴ Includes the Purchasing Commission Working Capital special account, the Industry Training and Apprenticeship special account and the 1998/99 government-wide budget adjustment for capitalization of tangible capital assets.

Expenditure information for 1997/98 and 1998/99 reflects the impact of the phasing-in of a change in accounting policy with respect to tangible capital assets held by the consolidated revenue fund. Although original budget estimate figures for 1998/99 show the effect of capitalization as a one-line adjustment for all of government, in the *1998/99 Public Accounts* (and 1997/98 comparative figures) adjustments for capitalization are reported with each ministry. This change does not affect total spending.

Appendix 2 and the *1998/99 Public Accounts* provide additional information on the effects of the government's pension liability and capitalization accounting policies.

Chart 2.5 shows the provincial government's spending in 1998/99, according to expenditure type.

Chart 2.5 Expenditure by Group Account Classification, 1998/99



Over 80 per cent of provincial government spending in 1998/99 was for grants and contributions to schools, hospitals, universities and colleges, other agencies and organizations, local governments and income assistance to individuals. Salaries and benefits for direct employees accounted for 9.3 per cent of spending. Operating costs, which include office operations, utilities, computer systems, building rentals, professional services, travel, and advertising and publications, made up 8.2 per cent of spending. Amortization for assets such as buildings, machinery, furniture, and information systems equipment accounted for 1.6 per cent of spending. Other expenditures include interest charges on government direct debt, which equalled 4.0 per cent of total spending, and recoveries from outside of government, which reduce government spending.

Consolidated Revenue Fund Net Deficiency

In 1998/99, the consolidated revenue fund had a deficit of \$466 million. In addition, to address the concerns of the Auditor General, in 1998/99 the provincial government restructured its financing mechanisms for education, health and certain public transit capital expenditures. This resulted in the release of certain fiscal agency loans owed to the provincial government by public sector organizations, and the replacement of these loans and other debt guarantees with prepaid capital advances by the consolidated revenue fund (assets of the CRF). The creation of prepaid capital advances resulted in a 1998/99 adjustment that reduced the accumulated deficit by \$389 million.

The 1998/99 *Public Accounts* also included a prior-period adjustment that increased the accumulated deficit at March 31, 1998 by \$169 million. This adjustment consisted of:

- a \$26-million increase relating to changes in capitalized assets; and
- a \$143-million increase to record prior-year liabilities for underestimations of interest and outstanding self-insurance claims.

The 1998/99 deficit, together with the current and prior-period adjustments, increased the net deficiency of the consolidated revenue fund to \$12,718 million at March 31, 1999 (see Appendix Table A2.1). Further information is provided in Appendix 2.

Crown Corporations and Agencies

Gains from government's commercial enterprises combined with the results of other Crown corporations and agencies resulted in total net losses of \$753 million in 1998/99. Taxpayer-supported Crown corporations and agencies, which provide economic and social benefits but generally depend on provincial government revenue or other forms of assistance, reported a combined loss of \$850 million. The \$505-million increase from 1997/98 primarily reflects:

- a \$52-million increase in the net loss of the British Columbia Ferry Corporation, partly due to writedowns of the corporation's investment in fast ferries;
- a \$172-million increase in the net loss of Forest Renewal BC due to higher spending and lower stumpage revenue; and
- a \$185-million increase in accounting adjustments mainly due to increased highway infrastructure costs written off through the BC Transportation Financing Authority, and a valuation adjustment relating to the transfer of British Columbia Transit assets to the Greater Vancouver Transportation Authority.

Commercial Crown corporations, which generally pay their own operating and debt service costs without provincial government assistance, reported a combined net surplus of \$97 million in 1998/99, after deducting contributions paid to the government's consolidated revenue fund. The \$31 million improvement from 1997/98 primarily reflects a \$47-million increase in the net income of the Insurance Corporation of British Columbia. Net income of the British Columbia Lottery Corporation showed a \$163-million increase during the year due to a change in the mechanism used for funding charities, and expanded gaming activity. While all of this revenue was remitted to the CRF by the corporation, \$77 million was distributed back to charities through the Ministry of Employment and Investment.

Further information on Crown corporations and agencies is presented in Chapter 7.

Provincial Financing

The provincial government and its Crown corporations and agencies incur debt to finance operations and capital projects. Borrowing for operations is required when revenues fall short of expenditures, and to meet other cash requirements such as loans and investments. Borrowing for capital projects finances the building of schools, hospitals, roads and other social and economic capital assets. As these investments provide essential services over several years, the government, like the private sector, borrows to fund these projects and amortizes the costs over the asset's useful life.

Provincial net debt⁴ is reported using two basic classifications — taxpayer-supported debt and self-supporting debt. Taxpayer-supported debt includes government direct

⁴ Debt information in this chapter is presented on a total debt basis, which includes direct, guaranteed and non-guaranteed debt of the government (consolidated revenue fund) and its Crown corporations and agencies.

**Table 2.5 Summary of Results
Crown Corporations and Agencies¹**

	Actual 1998/99	Actual 1997/98
	(\$ millions)	
Net earnings/(losses) of taxpayer-supported Crown corporations and agencies:		
British Columbia Building Corporation.....	48.1	39.3
British Columbia Ferry Corporation.....	(110.7)	(59.0)
BC Transportation Financing Authority.....	(22.1)	51.6
Forest Renewal BC.....	(264.1)	(92.4)
Other ²	9.0	40.4
Net earnings (losses).....	(339.8)	(20.1)
Less: Accounting policy and other adjustments ³	(510.3)	(325.3)
Net contribution to the summary financial statement surplus (deficit).....	(850.1)	(345.4)
Net earnings/(losses) of commercial Crown corporations and agencies:		
British Columbia Hydro and Power Authority.....	395.4	407.8
Liquor Distribution Branch.....	615.9	606.0
British Columbia Lottery Corporation ⁴	446.2	282.9
British Columbia Railway Company.....	26.5	40.2
Insurance Corporation of British Columbia.....	61.0	14.0
Other ⁵	(23.3)	(25.0)
Net earnings (losses).....	1,521.7	1,325.9
Less: Contributions to the CRF and other organizations ⁶	(1,425.0)	(1,259.7)
Net contribution to the summary financial statement surplus (deficit).....	96.7	66.2
Total Crown corporation and agency net contribution to the summary financial statement surplus (deficit).....	(753.4)	(279.2)

¹ Based on published *Public Accounts* information. Certain 1997/98 figures have been restated to be consistent with the presentation used on 1998/99.

² Includes earnings/(losses) of other taxpayer-supported Crown corporations and agencies, including the British Columbia Securities Commission, British Columbia Transit and the British Columbia Systems Corporation.

³ Includes adjustments required to present the financial results of Crown corporations and agencies on the same basis as the accounting policies used for the consolidated revenue fund. The adjustment primarily represents the write-off of highway infrastructure expenditures of the BC Transportation Financing Authority; the elimination of payments to, or dividends received from, government agencies by the consolidated revenue fund which are included in the operating results of these agencies; and a valuation adjustment in respect of British Columbia Transit assets transferred to the Greater Vancouver Transportation Authority (later renamed TransLink).

⁴ British Columbia Lottery Corporation earnings are shown net of payments to the government of Canada.

⁵ Includes earnings/(losses) of other commercial Crown corporations, including the Columbia Power Corporation and 552513 BC Ltd. (Skeena Cellulose Inc.). Also includes minor accounting adjustments that increased net income by \$1 million in 1997/98.

⁶ Includes dividends from commercial Crown corporations that are included in CRF revenue, and transfers of British Columbia Lottery Corporation revenue to charitable organizations by the British Columbia Gaming Commission.

debt incurred for government operations and capital purposes, and debt of Crown corporations and agencies that require an operating or debt service subsidy from the provincial government. Self-supporting debt includes the debt of commercial Crown corporations and agencies, and debt of the warehouse borrowing program. Commercial Crown corporations generate sufficient revenues to cover interest costs and to repay principal, and may pay dividends to the provincial government. The warehouse borrowing program is used to take advantage of borrowing opportunities in advance of requirements. The funds remain invested at market rates until they are needed by the government or its Crown corporations and agencies.

Financing Process

Debt is incurred by the provincial government and its Crown corporations and agencies through a variety of financing methods. These include:

- debt issued by the government for its own operating and capital purposes;
- fiscal agency debt borrowed directly by the government with proceeds re-lent to Crown corporations and agencies;
- debt issued in advance of actual requirements and held under the warehouse borrowing program;
- debt incurred directly by Crown corporations and others with a provincial government guarantee of the repayment of principal and interest; and
- debt incurred directly by Crown corporations and agencies with no provincial government guarantee of debt repayment.

Most Crown corporation and agency borrowing is done through the fiscal agency program. Under this program, the government borrows directly in financial markets and relends the funds to Crown corporations and agencies. Borrowing and financing costs remain the responsibility of the Crown corporation or agency, except in certain cases when the provincial government provides a contribution to pay for all or part of the debt service costs. The fiscal agency program provides lower-cost financing to Crown corporations and agencies due to the province's strong credit rating and its ability to borrow at lower interest rates.

In order to manage the retirement of debt, the provincial government and Crown corporations established sinking funds for virtually all debt with a term of five years or more. At March 31, 1999, sinking fund balances totalled \$4.7 billion for guaranteed, fiscal agency and government direct debt. Debt with a remaining term of one year or more will, on average, be 24.3 per cent covered by sinking funds at maturity, based on current assumed rates of return.

On June 1, 1999, the provincial government discontinued sinking fund contributions on existing and new debt issued for government operating and capital purposes. However, the province continues to follow one of the most conservative sinking fund policies among the provinces for its Crown corporations and agencies. For fiscal 1999/00, the policy change will reduce gross borrowing requirements of the province by an estimated \$400 million, but given that the province currently borrows to make sinking fund payments, the policy change will not affect the amount of net debt outstanding.

Sources of Funds

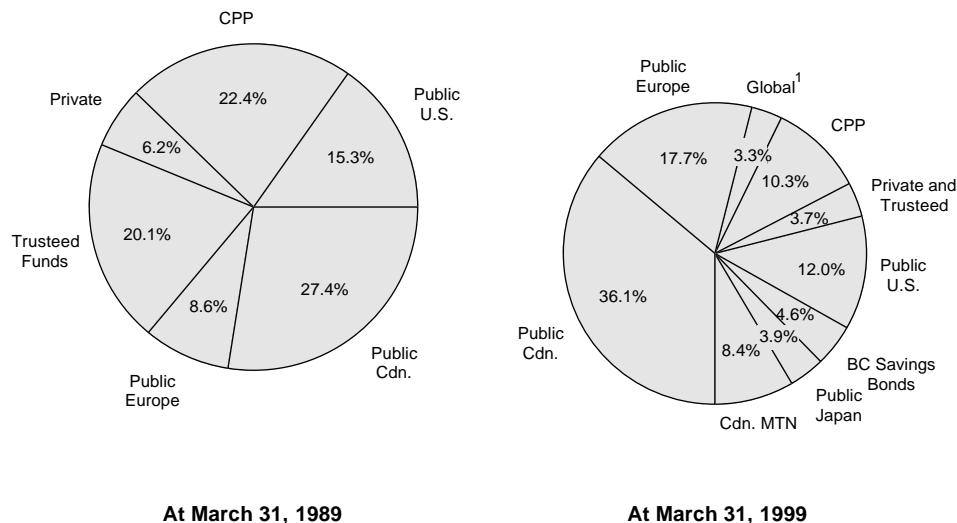
In order to minimize financing costs, the province raises funds through a variety of instruments and capital markets, depending upon financial market conditions. Canadian public-sector debt has increased rapidly in recent years. This has placed enormous pressure on domestic capital markets and has forced provinces to diversify their borrowing programs into foreign capital markets to minimize borrowing costs.

British Columbia borrows from a variety of sources, including public financial markets in Canada, the United States, Europe and Asia, and private institutional lenders. In almost all cases, debt is hedged back into Canadian dollars. Since 1989, borrowing sources have shifted from private placements towards public issues (see Chart 2.6). International borrowings in 1998/99 saved the province \$0.5 million in annual debt service costs compared to the domestic market alternative at the time of issuance.

The province continues to diversify its borrowing sources to cultivate strong domestic and international investor demand for British Columbia's debt securities to help minimize financing costs. A broad investor base is also important given competition for funding from other provinces and the need for multiple funding sources in the face of volatile capital markets.

Measures are also taken to ensure the best possible management of new and existing debt. These measures include using financial products, such as interest rate and currency swaps, to manage interest rate and foreign currency exchange risks.

Chart 2.6 Gross Debt Outstanding by Source



¹ A global debt security is offered simultaneously to investors in Canada, the United States, Europe and Asia.

Credit Rating

A credit rating is an evaluation of a borrower's ability to pay interest and to repay principal. A credit rating affects the borrower's debt servicing costs and the investor's rate of return since an investor will demand a higher interest rate on a more risky, lower-rated security.

Table 2.6 Interprovincial Comparisons of Credit Ratings and Taxpayer-supported Debt to GDP Ratios, August 1999

Province	Rating Agency ¹				Taxpayer-supported Debt to GDP Ratio ²
	Moody's Investors Service	Standard and Poor's	Dominion Bond Rating Service	Canadian Bond Rating Service	
British Columbia	Aa2	AA-	AA (Low)	AA-	22.1%
Alberta	Aa1/Aa2 ³	AA+	AA (High)	AA+	13.3%
Saskatchewan	A2	A	A (Low)	A+	29.0%
Manitoba	Aa3	AA-	A	A+	26.1%
Ontario	Aa3	AA-	AA (Low)	AA	30.0%
Quebec	A2	A+	A (Low)	A	50.8%
New Brunswick	A1	AA-	A	A+	30.6%
Nova Scotia	A3	A-	BBB (High)	A-	45.4%
Newfoundland	Baa1	BBB+	BBB	BBB	51.7%
Prince Edward Island..	A3	Not Rated	BBB (High)	BBB	28.7%

¹ The rating agencies assign letter ratings to borrowers. The major categories, in descending order of credit quality are: AAA/Aaa; AA/Aa; A; BBB/Baa; BB/Ba and B. The "1", "2", "3", "high", "low", "+", and "-" modifiers show relative standing within the major categories. For example, AA+ exceeds AA and Aa2 exceeds Aa3.

² Moody's Investors Service, August 1999 (debt amounts as at March 31, 1999). Note: Moody's calculation of British Columbia's debt-to-GDP ratio is different than the comparable figure used in this chapter and in Appendix 2, due to the use of different methodologies.

³ Split rating on Canadian dollar debt/foreign currency debt.

Taxpayer-supported debt is a measure often used by investors and credit rating agencies when analyzing a province's investment quality. The ratio of a province's taxpayer-supported debt relative to its gross domestic product (GDP) highlights the ability of a province to manage its debt load. British Columbia's taxpayer-supported debt burden is one of the lowest in Canada, and this translates into a strong credit rating and lower debt service costs. Table 2.6 provides an interprovincial comparison of credit ratings and taxpayer-supported debt to GDP ratios.

Provincial Net Debt Trends

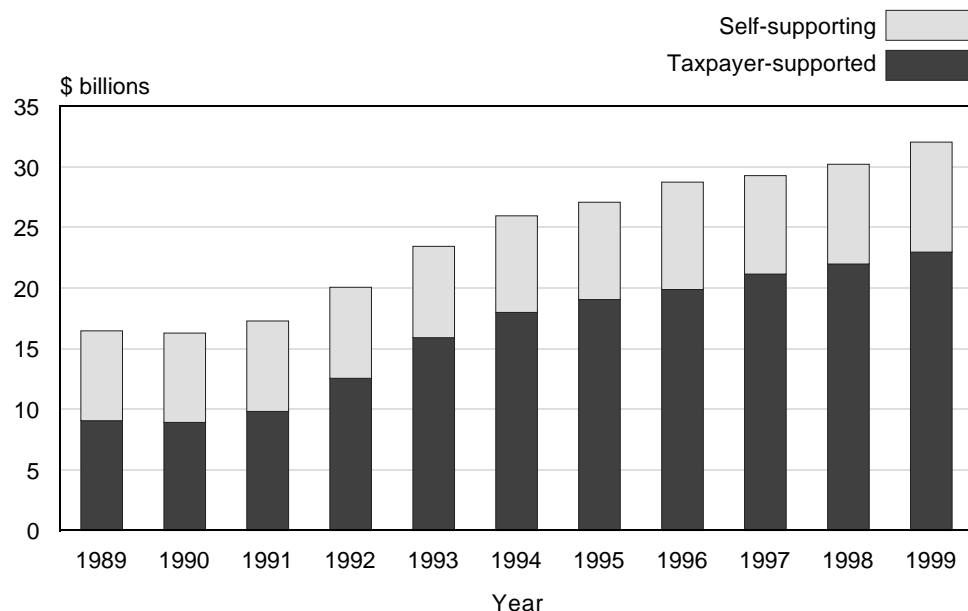
The international recession of the early 1980s seriously weakened the province's fiscal position and caused a sharp increase in taxpayer-supported debt. At March 31, 1985, total provincial net debt peaked at 31.4 per cent of provincial gross domestic product (GDP). The subsequent recovery in the provincial economy led to an improvement in the province's fiscal position and a reduction in net debt outstanding. At March 31, 1990, provincial debt totalled \$16.3 billion or 21.7 per cent of GDP.

In the early 1990s, large deficits and borrowing to fund schools, hospitals and other social capital projects caused taxpayer-supported debt to rise relative to GDP. Smaller deficits helped to moderate the growth in taxpayer-supported debt relative to GDP during the second half of the decade.

Chart 2.7 shows that total provincial net debt rose from \$16.5 billion at March 31, 1989 to \$32.0 billion at March 31, 1999. During this period, taxpayer-supported debt increased \$13.9 billion to reach \$23.0 billion, and self-supporting debt increased \$1.6 billion to \$9.0 billion.

Appendix Tables A2.11 to A2.13 provide current and historical data on net debt, including supplementary information on debt as a per cent of GDP, growth rates and debt per capita amounts.

Chart 2.7 Provincial Net Debt for Fiscal Years Ended March 31



Review of 1998/99

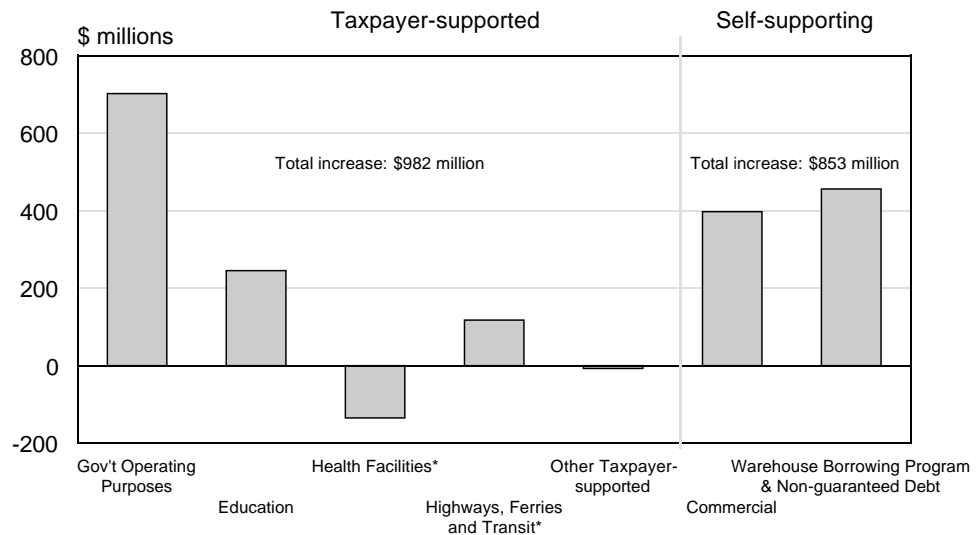
Administrative and Reporting Changes

Several administrative and reporting changes during 1998/99 affected the way in which provincial debt is reported:

- At the beginning of the fiscal year, in order to address concerns raised by the Auditor General in his review of the government's financial statements, the government assumed direct responsibility for the debt of the British Columbia School Districts Capital Financing Authority and the British Columbia Educational Institutions Capital Financing Authority. This change resulted in the wind-up of the two authorities. Effective March 31, 1999, the government also assumed direct responsibility for debt of the British Columbia Regional Hospital Districts Financing Authority (resulting in the wind-up of that authority), and part of the debt of British Columbia Transit and Rapid Transit Project 2000 Ltd. Most of the debt from these agencies is included as part of the government's direct capital debt, and pre-paid capital advances are now used to amortize the cost of capital assets over their useful life. This change did not affect the total amount of provincial net debt or taxpayer-supported net debt.
- The *Greater Vancouver Transportation Authority Act* created a new transportation authority to plan, manage and operate a regional transportation system that supports Greater Vancouver's growth strategy, air quality objectives and economic development. The act, collaboratively developed by the province and the Greater Vancouver Regional District, provided for the division of existing assets and debt, cost-sharing for new assets, and on-going funding powers for the Greater Vancouver Transportation Authority (GVTA). Effective March 31, 1999, the GVTA assumed the portion of existing British Columbia Transit debt related to operations in the Lower Mainland. Future funding will be provided through the Municipal Finance Authority of British Columbia (MFA), which operates independently from the government. This change reduced provincial net debt and taxpayer-supported net debt by \$508 million. However, the provincial government will continue to make contributions for major transportation projects in the region.
- Concurrent with the transfer of local transportation responsibilities to the GVTA, debt of the Greater Vancouver Regional Hospital District (GVRHD) was transferred to the government as part of government's direct capital debt. As a result, revenue from the local property tax, which was previously used to fund health care in the Lower Mainland, will now be used to finance GVTA operations. This change did not affect provincial net debt or taxpayer-supported net debt totals.
- A portion of the debt for regional hospital districts has been historically financed through local property tax levies. Effective March 31, 1999, the MFA assumed responsibility for managing and financing this portion of debt on behalf of the regional hospital districts (except for the GVRHD, which is completely financed by the provincial government). This change reduced provincial net debt and taxpayer-supported net debt by \$192 million.

Debt Changes

Provincial net debt increased \$1.8 billion from the previous year to total \$32.0 billion at March 31, 1999 (29.6 per cent of GDP). The increase was \$775 million higher than planned mainly due to the higher-than-expected deficit of the consolidated revenue fund, accelerated capital expenditures for projects including rapid transit in Greater Vancouver, increased pre-borrowing activities, and the need to refinance some of the British Columbia Hydro and Power Authority's foreign currency debt. These increases were partially offset by the assumption of debt by the GVTA and MFA (outlined above). Chart 2.8 shows the change in total provincial net debt for 1998/99.

Chart 2.8 Change in Total Provincial Net Debt

* Effective March 31, 1999, debt of \$508 million was assumed by the Greater Vancouver Transportation Authority, and debt of \$192 million was assumed by the Municipal Finance Authority of British Columbia on behalf of regional hospital districts.

Taxpayer-supported Debt

Taxpayer-supported debt increased \$982 million from the previous year to total \$23.0 billion at March 31, 1999 (21.2 per cent of GDP). This consisted of a \$702-million increase in government direct debt for operating purposes (to finance the deficit and other working capital financial requirements), and a \$280-million net increase in other taxpayer-supported debt which included capital spending for education, health, highways, ferries and transit operations.

Government direct operating debt funds government operations, including refinancing of maturing debt and other financing transactions. At March 31, 1999, provincial government direct net operating debt totaled \$12.2 billion, up \$702 million from March 31, 1998. The government's financial requirements for 1998/99 included the \$466-million deficit and net disbursements for financing and working capital transactions totaling \$535 million, partially offset by a \$298-million decrease in cash and temporary investment balances (see Table 2.1 and Appendix Table A2.2). Requirements for financing and working capital transactions were higher than planned mainly due to lower cash installments of personal income tax received from the federal government, higher foreign exchange debt adjustments, and delayed forest revenue collections. As a result, the \$702 million increase in government direct debt for operating purposes was \$427 million higher than budgeted.

Government direct capital financing debt funds the construction of education, health and public transit infrastructure. Net debt for capital financing purposes increased \$1,230 million in 1998/99. Most of this increase (\$987 million) resulted from the assumption of transit responsibilities in the Lower Mainland by the provincial government and the GVTA, from British Columbia Transit (see administrative and reporting changes above). The province also invested \$133 million in the *SkyTrain* extension and \$245 million in education facilities. Net debt for health facilities decreased \$135 million (\$57 million net debt increase offset by the \$192 million of net debt assumed by the MFA).

Economic development Crown corporations and agencies finance ferry terminal and fleet expansions, public transit construction and maintenance projects outside of the Lower Mainland, and highway construction projects around the province. Although

these corporations and agencies sell services directly to the public, their revenue may not cover their operating expenses and debt servicing payments. Since these corporations provide economic benefits to the province, the government provides some grants or other forms of assistance to them, including the dedication of provincial revenue. Net debt of economic development Crown corporations and agencies decreased \$922 million in 1998/99. The assumption of transit responsibilities in the Lower Mainland by the provincial government and the GVTA (see administrative and reporting changes above) resulted in decreased debt for British Columbia Transit of \$1,520 million. This decrease was partially offset by net new borrowing of \$343 million for the BC Transportation Financing Authority to help finance the construction of highways, and a net debt increase of \$177 million for the British Columbia Ferry Corporation to finance upgrades to its vessel fleet and terminal facilities.

Government services Crown corporations and agencies and other fiscal agency loans finance the construction of justice facilities, government and other accommodation requirements, post-secondary residence and parking facilities and loans through the Homeowner Protection Office. Debt service requirements are met through provincial grants, rental payments and user fees. During 1998/99, net debt for this category decreased \$20 million, mainly due to reduced borrowing requirements for the British Columbia Buildings Corporation.

Other guarantees include loan guarantees provided to private-sector firms and individuals through various provincial programs. These include student financial assistance, loan guarantees to agricultural producers, and guarantees issued under economic development assistance programs. These guarantees are not direct obligations of the province except in the event of default by the borrowers who received the guarantee. During 1998/99, this debt declined \$22 million because of expiring loan guarantees issued under the former British Columbia home mortgage assistance and second mortgage programs, and lower guarantees for student financial assistance.

Non-guaranteed debt represents debt of a government body without a provincial government guarantee. At March 31, 1999, the taxpayer-supported portion of non-guaranteed debt totalled \$145 million. Most of this debt consists of mortgages issued by the Provincial Rental Housing Corporation.

Self-supporting debt Self-supporting debt increased \$853 million from the previous year to total \$9.0 billion at March 31, 1999 (8.4 per cent of GDP). This included a \$446 million increase in warehouse program debt and a \$397 million increase in commercial Crown corporation debt.

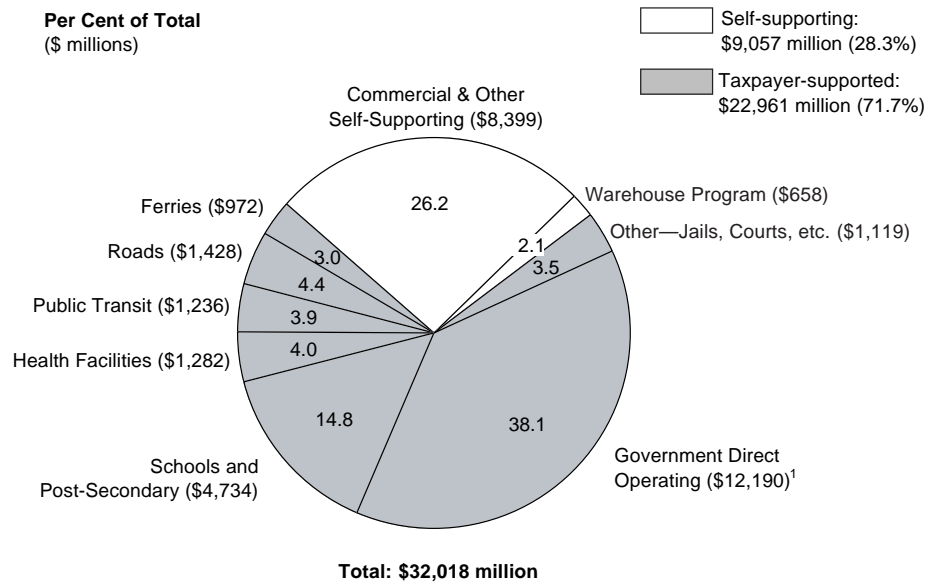
Commercial Crown corporations and agencies finance the construction and maintenance of transmission lines and generating facilities, rail systems and dock facilities, and a forest products operation. These corporations and agencies are self-supporting as they generate revenue from the sale of services at commercial rates and pay their own operating expenses, including debt service charges. During 1998/99, debt of commercial Crown corporations increased \$397 million — \$240 million for the British Columbia Hydro and Power Authority, \$93 million for the British Columbia Railway Company and \$64 million for Skeena Cellulose Inc.

The warehouse borrowing program takes advantage of market opportunities to borrow money in advance of actual requirements. This debt is eventually allocated to either the province or its Crown corporations and agencies. In the interim, the money is invested and earns interest at market rates. At March 31, 1999, warehouse debt increased \$446 million to total \$658 million.

Non-guaranteed debt represents debt of a government body without a provincial government guarantee. At March 31, 1999, the self-supporting portion of non-guaranteed debt totalled \$216 million. Most of this debt is used to finance hydroelectric power projects in the Columbia River basin and to support Skeena Cellulose operations.

Chart 2.9 provides a breakdown of the uses of provincial net debt outstanding at March 31, 1999.

Chart 2.9 Provincial Net Debt at March 31, 1999



¹ Operating debt includes a portion of roads infrastructure debt incurred prior to 1994/95.

Capital Spending

Borrowing for capital projects finances the building of schools, hospitals, roads, and other forms of provincial infrastructure. These investments provide essential services for today and will also benefit future generations of British Columbians. The need for capital infrastructure in British Columbia is substantial. Maintaining the existing asset base, replacing aging infrastructure, and meeting the needs of a changing population all require capital spending. Capital investments also help to create economic activity in the province.

Table 2.7 summarizes capital expenditures for 1998/99.

Table 2.7 Capital Expenditures for the Fiscal Year 1998/99

	1998/99 Budget Estimate	1998/99 Actual Expenditures	Change From Budget
(\$ millions)			
Education ¹	423.2	504.1	80.9
Health	222.0	169.1	(52.9)
BC Transportation Financing Authority	350.1	384.5	34.4
BC Ferry Corporation	85.0	153.0	68.0
<i>Rapid Transit Project 2000</i>	—	188.7	188.7
Other ²	165.8	76.8	(89.0)
	<u>1,246.1</u>	<u>1,476.2</u>	<u>230.1</u>

¹ Represents Ministry of Education, and Ministry of Advanced Education, Training and Technology.

² Represents British Columbia Buildings Corporation, British Columbia Transit, Ministry of Attorney General, and Ministry for Children and Families.

In 1998/99, \$1.5 billion was spent to finance capital projects including the building of schools, hospitals, roads and other forms of provincial infrastructure. Expenditures were up \$230 million from the \$1.25 billion budgeted primarily due to increased spending for fast ferries, schools, and accelerated construction of the *SkyTrain* extension. In addition to the capital spending shown in Table 2.7, \$29 million was also spent for preliminary work relating to the Vancouver Trade and Convention Centre.

Specific examples of projects undertaken in 1998/99 include:

- funding to construct 19,400 new spaces for children in the kindergarten to grade 12 system;
- new radiology equipment purchases and renovations for Vancouver General Hospital Radiology and Trauma Special Care Unit;
- construction of the replacement tower for Surrey Memorial Hospital;
- phase 2 replacement of Richmond Hospital;
- completion of Priory Hospital multi-level care facility in Victoria;
- construction of a new health care centre and multi-level care facility in 100 Mile House;
- upgrade of Bulkley Lodge long-term care facility in Smithers;
- replacement of Normanna Rest Home multi-level care facility in Burnaby;
- additions and renovations to Royal Arch Masonic Home in Vancouver;
- road improvement projects (e.g. rehabilitation, passing lanes and highway realignments) throughout the province;
- continued construction of fast ferry vessels;
- continued construction on the Vancouver Island Highway;
- widening of the Trans-Canada Highway from Hospital Road to 30th Street in Salmon Arm and from the Tumbleweed Interchange to Senora in Kamloops;
- construction of Trans-Canada Highway high-occupancy-vehicle lanes in Burnaby;
- 4-laning of the Lougheed Highway in the Albion area of Maple Ridge; and
- purchase of 40 Mark II vehicles for Phase 1 of the *SkyTrain* expansion.

Cost Containment
and Efficiency
Measures

The provincial government continues to work on improving the planning, construction, and maintenance of provincial infrastructure by:

- developing program delivery models that require less capital investment;
- maximizing the use of existing assets;
- acquiring capital in the most efficient and cost-effective manner possible; and
- pursuing alternative financing options.

Examples of cost containment strategies and their savings value in 1998/99 include:

- \$70 million through increased utilization of existing space in the post-secondary system;
- \$10 million over 10 years on capital equipment purchases through increased utilization (extended daily service hours) of diagnostic and treatment equipment; and
- over \$15 million through value analysis and value engineering of highway projects.

In 1998/99, the government implemented further improvements by reorganizing the way social capital projects were delivered. While needs assessment and forward

planning remained the responsibility of individual ministries, project management, financing, and delivery were consolidated in the Ministry of Finance and Corporate Relations. As a result, savings of about \$70 million were achieved through:

- repeat use of school designs;
- alternative procurement methods and strategic tendering of projects;
- facility unit rate changes (i.e. reduced costs per square meter); and
- facility area changes (i.e. reduced size of facilities).

Debt Indicators

A number of financial indicators are used to help the public understand provincial borrowing and its fiscal impact. Table 2.8 provides an historical summary of these financial indicators, which were recommended by the Auditor General. More comprehensive information on the debt of government and its Crown corporations and agencies is provided in the annual *Debt Statistics Report*. This document, which is issued concurrent with the *Public Accounts*, provides a variety of information to help the reader assess the province's debt position.

Banking and Cash Management

The Provincial Treasury Division of the Ministry of Finance and Corporate Relations acts as the province's banker. It provides for the banking requirements of government ministries, Crown corporations and other agencies, including the tendering of various banking services to achieve optimum value/efficiency in program delivery. Provincial Treasury actively manages an annual cash flow of \$500 billion to ensure that investment earnings are maximized and borrowing costs minimized. Overall, Provincial Treasury is responsible for over 2,000 bank accounts, 50 different banking systems and agreements with 33 financial institutions. Other measures to maximize earnings and minimize costs include:

- government-wide use of a purchasing card program to reduce administrative costs;
- use of automated collection and disbursement technologies, including electronic data interchange and electronic funds transfer, that accelerate revenue collection and reduce banking costs associated with making payments;
- acceptance of debit (bank) cards at all British Columbia liquor stores and debit/credit cards at selected government offices, to reduce the cost of handling cash, and improve security and customer convenience;
- use of an offset interest program that electronically combines bank balances of government entities with the balance of the government's accounts to earn a better return on funds;
- outsourcing specific revenue collection activities, such as the collection of motor vehicle fines, to accelerate revenue collection and reduce administrative costs; and
- use of government-wide corporate travel cards and business travel accounts to reduce travel costs and administrative expenses.

Trust Funds

Trust funds are administered by the government for external parties, but are not part of the provincial government's consolidated revenue fund. At March 31, 1999, trust funds under administration totalled \$50.4 billion, up \$3.4 billion from March 31, 1998. These included:

- superannuation, pension and long-term disability funds established for public-sector employees totalling \$35.6 billion;

Table 2.8 Key Debt Indicators

	For fiscal year ending March 31				
	1995	1996	1997	1998 ¹	1999 ²
Debt to revenue (per cent)					
Total provincial	94.0	97.4	97.8	98.7	102.3
Taxpayer-supported	85.0	87.0	91.3	93.4	98.6
Debt per capita (\$)³					
Total provincial	7,347	7,588	7,534	7,619	7,986
Taxpayer-supported	5,171	5,250	5,449	5,548	5,727
Debt to GDP (per cent)⁴					
Total provincial	26.9	27.4	27.6	27.6	29.6
Taxpayer-supported	18.9	19.0	20.0	20.1	21.2
Interest bite (cents per dollar of revenue)⁵					
Total provincial	8.8	8.9	8.0	7.6	7.8
Taxpayer-supported	7.6	7.7	7.3	7.0	7.4
Interest costs (\$ millions)					
Total provincial	2,546	2,609	2,386	2,319	2,449
Taxpayer-supported	1,711	1,749	1,692	1,656	1,720
Interest rate (per cent)⁶					
Taxpayer-supported	8.9	8.9	8.2	7.7	7.6
Background Information:					
Revenue (\$ millions)					
Total provincial ⁷	28,774	29,474	29,919	30,593	31,302
Taxpayer-supported ⁸	22,392	22,843	23,174	23,525	23,297
Total debt (\$ millions)					
Total provincial	27,050	28,713	29,248	30,182	32,018
Taxpayer-supported ⁹	19,037	19,866	21,152	21,979	22,961
Provincial GDP					
(\$ millions) ¹⁰	100,672	104,786	105,843	109,347	108,300
Population (thousands at July 1)¹¹					
	3,682	3,784	3,882	3,962	4,009

¹ Figures for 1998 have been restated to conform with the presentation used for 1999.

² Effective March 31, 1999, certain debt of British Columbia Transit related to operations in the Lower Mainland was assumed by the Greater Vancouver Transportation Authority (later renamed TransLink), and the debt of health care facilities that is financed through local property taxes was assumed by the Municipal Finance Authority of British Columbia on behalf of regional hospital districts (except for the Greater Vancouver Regional Hospital District, which was assumed by the provincial government). Prior years have not been restated for these changes.

³ The ratio of debt to population (e.g. 1998/99 debt divided by population at July 1, 1998).

⁴ The ratio of debt outstanding at fiscal year end to provincial nominal gross domestic product (GDP) for the calendar year ending in the fiscal year (e.g. 1998/99 debt divided by 1998 GDP).

⁵ The ratio of interest costs (less sinking fund interest) to revenue. Figures include capitalized interest expense in order to provide a more comparable measure to outstanding debt.

⁶ Weighted average of all outstanding debt issues.

⁷ Includes revenue of the consolidated revenue fund plus revenue of all Crown corporations and agencies.

⁸ Excludes revenue of commercial Crown corporations and agencies.

⁹ Excludes debt of commercial Crown corporations and agencies, funds held under the province's warehouse borrowing program, and non-guaranteed debt of the British Columbia Lottery Corporation, Liquor Distribution Branch, British Columbia Railway Company, Columbia Basin Power Company (a joint venture of the Columbia Power Corporation and the Columbia Basin Trust) and 552513 British Columbia Ltd. (Skeena Cellulose Inc.).

¹⁰ GDP for the year ending in the fiscal year (e.g. GDP for 1998 is used for the fiscal year ending March 31, 1999).

¹¹ Population at July 1st within the fiscal year (e.g. population at July 1, 1998 is used for the fiscal year ending March 31, 1999).

- sinking funds, established by the government, Crown corporations and other public bodies for the retirement of long-term debt, totalling \$4.7 billion;
- defeased trust funds, set aside to repay outstanding debt where the government has certified that there are sufficient funds to service and repay debt over its remaining term, totalling \$1.5 billion;

- investment funds of the Workers' Compensation Board totalling \$7 billion;
- investment funds of Crown corporations and agencies, including working capital surplus to their immediate needs and funds for capital transactions, totalling \$979 million;
- public trustee and official administrators trust funds totalling \$588 million; and
- other trust funds, including Supreme Court suitors' funds, totalling \$100 million.

Although trust funds are external to government, investment performance has significant implications on the long-term costs to taxpayers (such as pension contributions). Consequently, the government ensures that trust fund assets are managed to generate strong investment returns.

Trust funds are managed by the Office of the Chief Investment Officer in accordance with the *Trustee Act*, the *Financial Administration Act*, and the *Pension Benefits Standards Act*. With the approval of the trustee, investments can be diversified into a wide range of asset classes including equities, real estate, mortgages and foreign securities. Funds are managed to minimize investment risk and improve long-term return.

Other Liabilities

The provincial Public Service Superannuation Fund is estimated to have a surplus of \$209 million, based on an actuarial valuation date of March 31, 1996. This compares to a liability of \$140 million as of the previous valuation date on March 31, 1993.

The provincial government also administers certain pension funds on behalf of third parties. The provincial share of the estimated unfunded liability of these funds are as follows: Municipal Pension Plan (school board support staff and hospital employees) — \$208 million liability, based on an actuarial valuation date of December 31, 1997; and Teachers' Pension Plan — \$1.4 billion liability, based on an actuarial valuation date of December 31, 1996.

Other pension plans administered by the provincial government are not reflected in the government's balance sheet because the provincial government is not responsible for any surpluses or deficiencies of these plans.



Background

Cutting Red Tape

The regulatory environment plays an important role in the competitiveness and economic prosperity of British Columbia.

To this end, the Streamlining Initiative and the Business Task Force were established in May 1998 by the Minister of Finance and Corporate Relations. The task force had a one-year mandate to reduce the cost of doing business in British Columbia and to cut red tape.

Chaired by the minister, the 16-member task force included representatives from business, labour and government. The task force issued four quarterly reports that are available on its web site. (www.streamline.gov.bc.ca).

The outgoing task force recommended renewing and expanding its mandate. As a result, a new Business Task Force on Regulatory Impact is expected to be appointed by the end of 1999.

1998/99 Business Task Force Accomplishments

The Business Task Force approached its mandate by:

- asking members of the business community to identify problems and following up on suggestions;
- encouraging government to undertake streamlining projects in key areas; and
- sponsoring development of housekeeping legislation.

Voice for the Business Community

The task force provided a new organized way for the business community to suggest ways to reduce red tape and the cost of regulation, and for the government to consult with business. The task force invited almost 100 industry associations to submit ideas. Suggestions may also be sent at any time to the Streamlining Initiative at the e-mail and postal addresses listed on the web site mentioned above, or by fax to 250-387-9099.

Major Policy Impact: Regulatory Impact Statement Requirements

The government adopted task force recommendations for an instrument (which the task force called a Business Lens) that ensures government decisions are made with full information about the implications of proposed regulatory policy, including implications for business.

The *Regulatory Impact Statement Act*, which came into effect in June 1999, embraces the task force recommendations and provides for the appointment of a new Business Task Force on Regulatory Impact. The act, the *Regulatory Impact Statement Policies and Procedures* and Regulatory Impact Statements (RISs) are available on the Streamlining web site.

The policy applies broadly to legislation, regulations and administrative policy and, to all government ministries and to all public bodies with the authority to make or recommend regulatory policy decisions. This includes the Workers Compensation Board, the Insurance Corporation of British Columbia and self-regulatory organizations. RISs were made public for six bills introduced by the government in the Spring 1999 legislative session, including the *Unclaimed Property Act*, which was a streamlining project.

Streamlining Projects

The task force initiated or endorsed over 30 major streamlining efforts. These included:

- the liquor policy review, which revised and updated the province's liquor laws with input from affected business sectors;
- the oil and gas initiative, under which government created a one-window regulatory agency, established revenue sharing with local governments and revised royalty rates;



- the forest action plan, a two-part strategy developed to stabilize and modernize British Columbia's forest sector and help industry, communities and workers move to a more diversified and sustainable future while maintaining strong environmental standards;
- the high-technology employment standards strategy, which modified employment standards to meet the unique needs of the growing high-technology sector; and
- one-stop business registration, which is now possible in 47 communities around the province.

During the spring session of the legislature, the government passed the following bills related to streamlining:

- Bill 57 — *Range Amendment Act, 1999*
- Bill 61 — *Consumer Protection Amendment Act, 1999*
- Bill 63 — *Wildlife Amendment Act, 1999*
- Bill 64 — *Securities Amendments Act, 1999*
- Bill 66 — *Attorney General Statutes Amendment Act, 1999*
- Bill 68 — *Forest Amendment Act, 1999*
- Bill 69 — *Education Statutes Amendment Act, 1999*
- Bill 71 — *Finance and Corporate Relations Statutes Amendment Act, 1999*
- Bill 72 — *Water Amendment Act, 1999*
- Bill 74 — *Miscellaneous Statutes Amendment Act (No.2), 1999*
- Bill 75 — *Residential Tenancy Amendment Act, 1999*
- Bill 76 — *Health Statements Amendment Act, 1999*
- Bill 80 — *Liquor Statutes Amendment Act, 1999*
- Bill 81 — *Regulatory Impact Statement Act*
- Bill 85 — *Company Act*
- Bill 91 — *Unclaimed Property Act*
- Bill 93 — *Land Title Amendment Act, 1999*

These bills are available on the Legislative Assembly web site (www.legis.gov.bc.ca).

**Business Task
Force Future:
Mandate and
Membership**

As a result of the work of the task force, a Business Task Force on Regulatory Impact is required by law and will be appointed before the end of the year.

The outgoing task force recommended that in addition to two government and two labour representatives, membership should include representatives from more sectors of the economy and from local government, and that the mandate be expanded to include providing specific advice to government about:

- which initiatives should be subject to RIS requirements based on information provided by government about planned activities; and
- which existing regulatory regimes should be reviewed.

To assist the task force, regulatory authorities and ministries are required to prepare plans setting out regulatory policy issues that may be addressed over the next two years.

Conclusion

Jurisdictions throughout the world are engaged in streamlining and regulatory reform. These initiatives are seen as key to improving both competitiveness and public protection by making sure that regulation is, and is seen as, necessary, fair and effective.

In British Columbia, a priority over the past year has been to promote better and more accountable regulatory policy decisions. The RIS legislation and policy are important steps in that direction.

This will continue to be a priority for the Streamlining Initiative and the new Business Task Force on Regulatory Impact. Equally important are wise enforcement and a critical examination of existing regulatory frameworks and their cumulative effect. As in other jurisdictions, these kinds of reforms require fundamental changes to existing priorities and that is the long term objective of the Streamlining Initiative.



Chapter Three

The Province and Its People



Houseboat on Shuswap Lake

Chapter 3 The Province and Its People¹

Physical Attributes

British Columbia is located on Canada's Pacific coast, and has a land and freshwater area of 95 million hectares. It is Canada's third largest province and comprises 9.5 per cent of the country's total land area.

Geography

The province is nearly four times the size of Great Britain, 2.5 times larger than Japan and larger than any American state except Alaska.

British Columbia's 7,022-kilometre coastline supports a large shipping industry through ice-free, deep-water ports. The province has about 8.5 million hectares of grazing land, 1.8 million hectares of lakes and rivers, and 950,000 hectares of agricultural land that is capable of supporting a wide range of crops.

Physiography

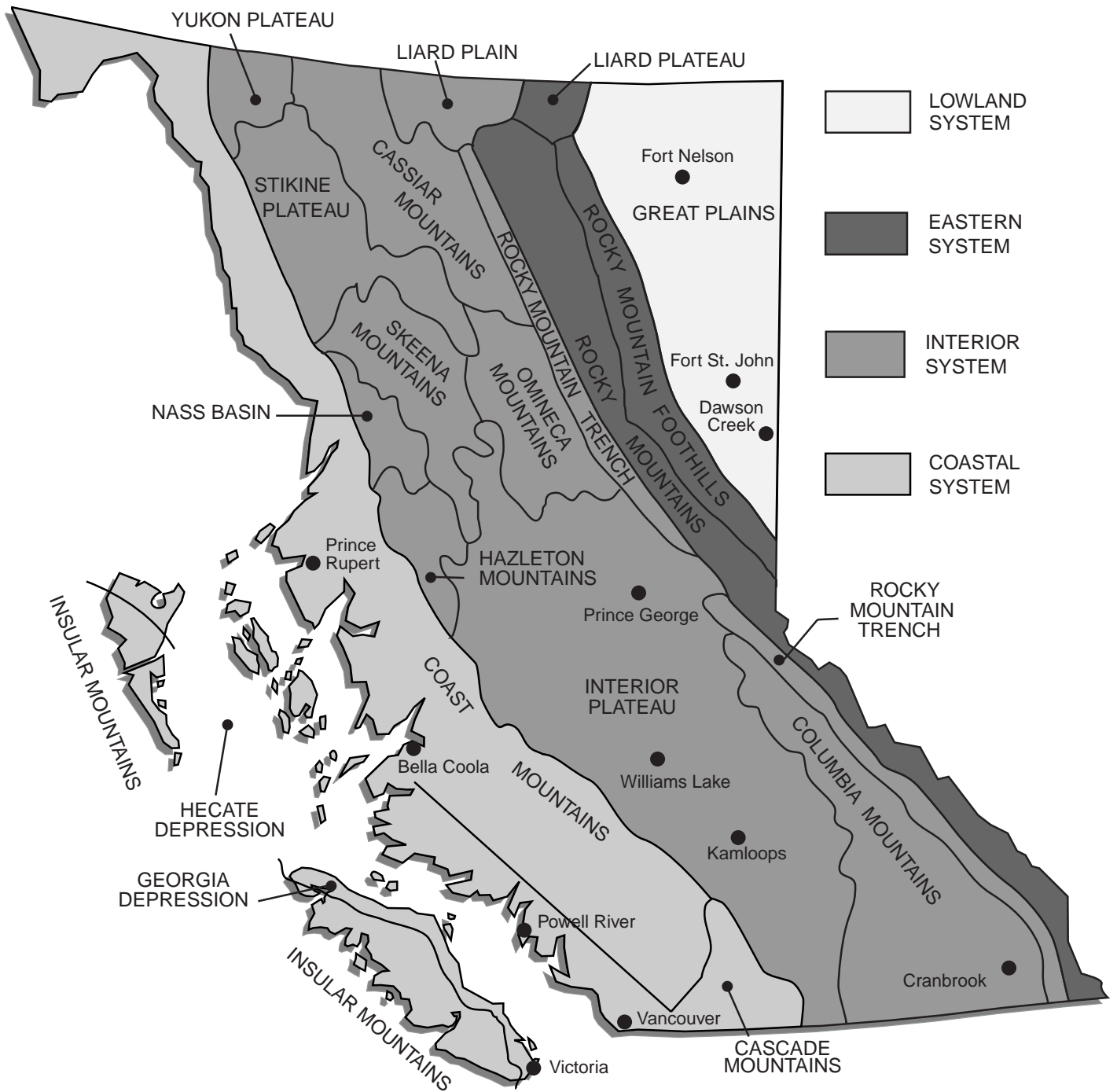
British Columbia is characterized by mountainous topography, but also has substantial areas of lowland and plateau country. The province has four basic regions (see Map 3.1), a northwesternly trending mountain system on the coast, a similar mountain system on the east, and an extensive area of plateau and mountain country between the two. The northeastern corner of the province is lowland, a segment of the continent's Great Plains.

The western system of mountains averages about 300 kilometres in width and extends along the entire British Columbia coast and the Alaska panhandle. The Coast Mountains contain some of the tallest peaks in the province. The western system includes the Insular Mountains that form the basis of Vancouver Island and the Queen Charlotte Islands. These islands help to shelter the waters off the mainland coast of British Columbia, which form an important transportation route for people and products.

The interior of British Columbia is a plateau of rolling forest and grassland, 600 to 1,200 metres in average elevation. North of Prince George the interior becomes mountainous, but plateau terrain returns just south of the Yukon boundary in the area drained by the Liard River. The southern interior's water system is dominated by the Fraser River, which has a drainage area covering about one-quarter of the province. The Rocky Mountains, in the eastern mountain system, rise abruptly on the southern British Columbia-Alberta boundary and are cut by passes that provide dramatic overland transportation routes into the province. The Rocky Mountain Trench lies immediately to the west of the Rockies. This extensive valley, the longest in North America, is a geological fault zone separating different earth plates. It is the source of many of British Columbia's major rivers, including the Peace, Columbia and Fraser.

¹ Chapter 3 and Appendix 3 are based on data and information available as of August 31, 1999.

Map 3.1 Physiographic Regions



**Climate and
Vegetation**

Coastal British Columbia has abundant rainfall and mild temperatures associated with a maritime climate. The Pacific coast has an average annual rainfall of between 155 and 440 centimetres, while the more sheltered coasts of eastern Vancouver Island and the mainland along the Strait of Georgia average between 65 and 150 centimetres. Canada's longest frost-free periods of over 180 days per year are enjoyed along the edges of the coastal zone and far inland along the Fraser River valley. Temperatures fall quickly up the steep slopes of the Coast Mountains. The predominant trees in this coastal region are the western hemlock, western red cedar and balsam (amabilis fir) in the wetter parts, and Douglas fir and grand fir in the drier areas.

The interior region of British Columbia has a mainly continental type of climate, although not as severe as that of the Canadian prairies. Considerable variation in climate occurs, especially in winter, as mild Pacific storms bring relief from cold spells. The southern interior has the driest and warmest climate of the province. In the valleys, annual precipitation ranges from less than 30 centimetres to 50 centimetres, while daily temperatures can average over 20 degrees Celsius in July and just under freezing in January. The climate becomes more extreme further north and precipitation increases. The frost-free period in the north is short and unreliable. Lodgepole pine is the dominant tree of commercial value in the interior.

The northeast region of the province is an extension of the western prairie region of Alberta. It has a continental climate that is more extreme than that of the northern interior region. However, it does have long hot summers and a frost-free period long enough to grow grain, forage and other crops.

Mineral Deposits

The complex geological processes that formed British Columbia are reflected in the distribution of its mineral resources. Belts of distinctive rocks, each with characteristic mineral deposits, run northwest-southeast through the province. As a result, the character of the province's mineral resources varies most markedly west to east. The dominantly volcanic terrains to the west contain deposits of copper, iron, gold, silver and molybdenum, while the sedimentary rocks to the east are rich in lead, zinc and silver. For the same reason, most of the coal, natural gas and all resources formed by various sedimentary processes, are located in the sedimentary basin regions of British Columbia. Industrial minerals occur throughout the province.

**Economic
History**

For thousands of years prior to the arrival of Europeans, British Columbia was populated by aboriginal peoples. Most of these peoples lived on the coast and along the major salmon rivers, with others located throughout the southern and eastern interior, central plateaus, and remote mountainous areas of what is now northern British Columbia. Archaeological evidence dates aboriginal presence in British Columbia back over 10,000 years, while according to their traditional histories First Nations have lived in the territory since time immemorial. Their economies were based on local resources, and included clothing, oils, canoes and other artefacts in addition to raw materials. Many First Nations people also engaged in trading activity, supported by elaborate networks and alliances, especially those with access to river and ocean trade routes and trails.

First Nations were represented by hundreds of political entities and spoke over 35 dialects, which fell into seven language families. In the 1700s, the population was estimated at between 300,000 and 400,000, one of the largest aboriginal populations north of Mexico.

The arrival of westerners by sea in the late 1700s and over land in the early 1800s provided new trading partnerships for First Nations and expanded economic activity.

Maritime explorers arrived in the Queen Charlotte Islands and on the west coast of Vancouver Island, setting the stage for the fur trade that flourished until the end of the 19th century. The first reported British Columbia timber export took place in 1877 when Captain John Meares loaded a vessel at Nootka with logs for spars and masts for shipment to China.

Fur traders of the North West Company explored the interior of the province; Alexander Mackenzie, Simon Fraser and David Thompson each explored different routes from British North America to the sea.

During the first 100 years after the arrival of non-aboriginal settlers, a series of epidemic diseases reduced the aboriginal population by almost 90 per cent. Despite the loss of hundreds of thousands of aboriginal people, they were still the majority population and comprised the largest portion of the work force in the early industries of fishing and forestry.

Furs The fur trade expanded rapidly with the arrival of the trading companies and provided economic activity for First Nations during the late 1800s. On the coast where the sea otter fur trade flourished between 1785 and 1825, First Nations people provided furs as well as fish, vegetables, oil, ochre and other supplies to the ship-based western traders. The land-based fur trade relied on beaver pelts, and First Nations supplied hunting and transportation support to the fur traders.

Transportation The early telegraph and wagon trails were developed along long-used First Nations trading routes, such as the grease trail used by Alexander Mackenzie as he reached the Pacific Ocean near Bella Coola in 1793. Simon Fraser founded Fort St. James on Stuart Lake and Fort George, which was established in the name of the North West Company, at the confluence of the Nechako and Fraser Rivers in 1806 and 1807, respectively.

The North West Company and the Hudson's Bay Company amalgamated in 1821. In 1843, the Hudson's Bay Company established Fort Victoria as its western depot, in anticipation of the loss of its depot at what is now Vancouver, Washington. In 1846, the Oregon Treaty established the United States/British Columbia border at the 49th parallel, 200 miles north of the lower Columbia River.

Economic activity increased when the Hudson's Bay Company established the first mechanized sawmill in British Columbia near Victoria in 1848, and the discovery of gold in the Fraser River in 1858 attracted thousands of immigrants to the area. Victoria, as the supply centre, was suddenly transformed from a trading post to a city. New Westminster, Hope and Yale also came into prominence as a result of the gold rush.

However, the lack of immigrants and capital, and a large domestic market to the east eventually made the prospect of a rail link to central Canada attractive to British Columbia residents. In 1871, with the Dominion government's promise of an all-Canadian railway to the Pacific coast, British Columbia joined Confederation.

Completion of the Panama Canal in 1914 opened new markets in Europe, giving further impetus to development of the forest industry, food processing and mineral smelting. Expansion of the province's ports facilitated shipment of prairie grain.

World War II gave a boost to the British Columbia economy, increasing demand for the province's base metals and forest products. Construction of the Alaska Highway

during the war, and service improvements to the Pacific Great Eastern Railway (now British Columbia Railway) helped to open up the northern and central areas of the province.

Forest Products

Use of the forest resource, in particular cedar, was a part of First Nations economies. Mechanization and rapid development of forest resources started after completion of the Canadian Pacific Railway in 1886 and expanded with market conditions as transportation systems improved. Pulp production began in 1909, while Fraser Mills, near New Westminster, began producing plywood in 1913. Coastal sawmills exported lumber to world markets while interior sawmills found their first important market in the prairie settlement boom prior to World War I. With industrialization and centralization, and growing numbers of immigrants in the work force, aboriginal people were increasingly displaced from the industry.

Pulp and paper mills, producing sulphite pulp and newsprint, were built at sites offering abundant water, energy and wood supplies. Rapid expansion of demand for paper products, associated with changed packaging techniques in the post-war period, shifted emphasis to kraft or sulphate pulp.

Through the years, new technology allowed greater use of the province's forest resources and increased the industry's efficiency and productivity.

Mining and Mineral Fuels

Mining activity began with the working of Vancouver Island coal deposits in the 1840s, but placer gold attracted the most attention in this early period. Production of lode gold and copper overshadowed other minerals until the 1920s when the huge Sullivan lead-zinc mine at Kimberley came into full production. In the 1960s, emphasis again shifted to copper as new markets and technology permitted development of large, low-grade, open-pit mines. Commercial production of natural gas and oil in the Peace River area began with completion of the main gas and oil pipelines in 1957 and 1961, respectively. The coal mining industry was reactivated in the early 1970s when Japanese steelmakers began purchasing large quantities of coking coal from British Columbia mines. Coal production increased dramatically in 1984 with the opening of two northeast coal mines.

Fishing

Traditionally, the fishing industry has been a part of First Nations economies and played an important role throughout the economic history of the province. With the arrival of trading companies, markets for products supplied by First Nations, such as dried and salted salmon and dogfish oil, expanded. First Nations were also active in pelagic fur sealing and shore-based whaling stations through the early 1900s.

Salmon canning activity began in 1870 on the Fraser River and spread quickly northwards, but became more centralized in Vancouver and Prince Rupert in the 1960s and 1970s with the development of freezing technology. The 1970s also saw development of a major roe herring fishery in the province's coastal waters and, in the 1980s, the cultivation of fish and shellfish species or fish farming emerged. Although gradually displaced by industrialization and centralization, First Nations peoples were active in this sector into the 20th century.

Agriculture

The early fur traders expanded agriculture in the first quarter of the 19th century in order to reduce their dependence on distant and costly sources of food. Grain, vegetables and fruit crops were grown, and dairy cattle and horses were kept at many trading posts. Demand for agricultural products increased considerably with the influx of goldseekers. Commercial farming and interior cattle ranching began during the mining booms. Activity expanded with settlement of lands opened by the coming of

the railways. Irrigation projects in the Okanagan and Kootenays, and land reclamation programs in the lower Fraser Valley and at Creston, provided rich new productive capacity. Cultivation of grain and seed crops began in the Peace River region after the turn of the century. British Columbia continues to be one of the world's major growers of cranberries.

Manufacturing Manufacturing in British Columbia has historically been resource based and dominated by production of wood and paper products. However, the emergence of other manufacturing activities, particularly in the 1980s, provided greater diversification to the province's manufacturing sector. Important secondary manufacturing sectors now include fabricated metal products, printing and publishing, transportation equipment and machinery industries.

Services Service industries have played an important role in the economic development of British Columbia. After the discovery of gold in the middle of the 19th century, the influx of goldseekers generated a demand for services of doctors, teachers, clergy, bankers, storekeepers, postmasters, barbers, restaurant operators and other service sector workers. They also created the need for an administration to ensure that justice and public order would prevail.

The role of services continued to expand during this century. Continued population growth contributed to the rising importance of this sector. At the same time, lifestyle changes (such as the entry of women into the workforce) and new ways of doing business provided a tremendous impetus to this sector. Service industries now employ three out of every four workers in the province and generate about three-quarters of the province's total economic output.

Tourism Tourism emerged as a global phenomenon in the post-war period. Rising income levels, more leisure time and improved transportation systems resulted in increased tourism activity, a trend that was shared by British Columbia. Tourism activity was given a further boost by Expo 86, the international exposition held in Vancouver, which recorded over 22 million visits and gave British Columbia world-wide exposure. Both Vancouver and Victoria have world-class convention centres. In addition, considerable tourism-related development has taken place in recent years at Whistler, the international ski resort 124 kilometres north of Vancouver, and elsewhere in the province.

High Technology The past 15 years have seen an increase in both the production and use of high technology in the province, and the need for workers who can use computers and software. Graduates of the province's universities are applying their knowledge in industries such as information technology, communications, aerospace, health, biotechnology and engineering. Industries as diverse as manufacturing, financial services and transportation make use of advanced technology to increase efficiency and reduce costs. (See Topic Box on Technology and Its Impact on Provincial Programs in Chapter 6.)

Recent developments in the province's industrial sectors are outlined in Chapter 4.

Population

British Columbia's population on December 31, 1998 was estimated at 4,021,360 persons, representing 13.2 per cent of Canada's total population. This is an increase from an 11.7 per cent share in December 1988, and translates to an average annual compound increase in population of 2.4 per cent. The national annual increase for the same period was 1.2 per cent. See Appendix A3.1 for municipal population estimates.

Although its rate of growth has slowed in recent years, British Columbia consistently had a population growth rate above the national average since it joined Confederation. At July 1, 1998, the population of the province was 1.2 per cent higher than a year earlier compared to the national growth rate of 1.0 per cent. Only Alberta and Ontario had higher growth rates at 2.7 and 1.3 per cent respectively.

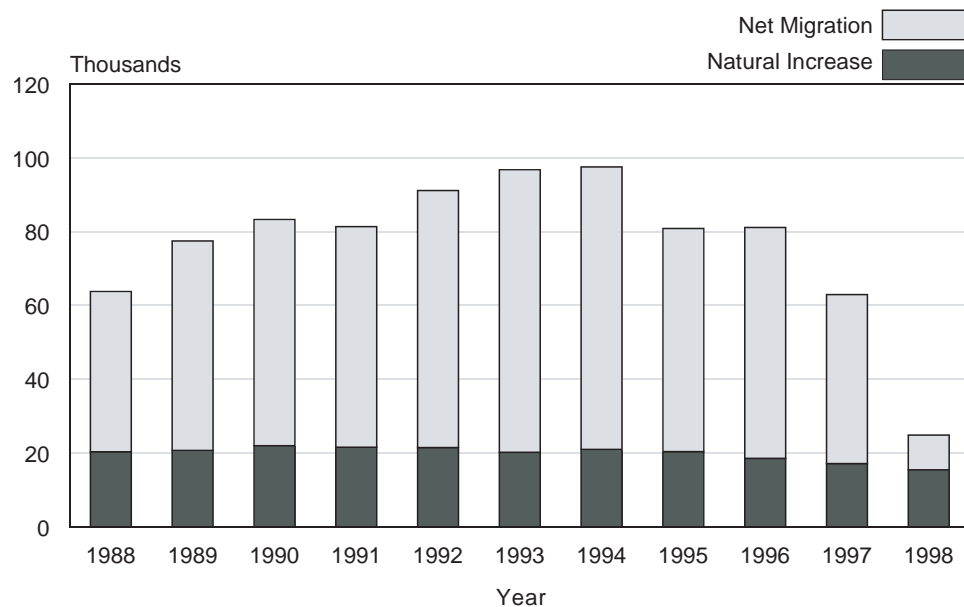
The primary reason for the relatively strong population growth in British Columbia during the last 10 years is migration from the rest of Canada and the world. With its pleasant climate and spectacular scenery, British Columbia has long been a popular destination for migrants from within Canada. In addition, its location on the Pacific Rim has made British Columbia an attractive destination for immigrants from Asian countries.

Components of Population Change

Population change can be divided into two components: migration, which encompasses both the movement of people to and from the province, and natural increase, which is the net result of births minus deaths. Migration has always been an important factor in British Columbia's population growth, although more recently the interprovincial portion of net migration has declined significantly, to the point where in 1998 there was a net outflow from British Columbia to other provinces. In spite of this, the significant inflow of international migrants ensured that the overall net migration to the province was still positive.

Over the past 10 years, net migration has accounted for 76 per cent of the province's population growth, with natural increase accounting for the remainder. Chart 3.1 displays the relative importance of the two components of population growth over the 1988 to 1998 period. The magnitude of natural increase has remained stable, while net migration has fluctuated with economic cycles.

Chart 3.1 Major Components of British Columbia Population Change

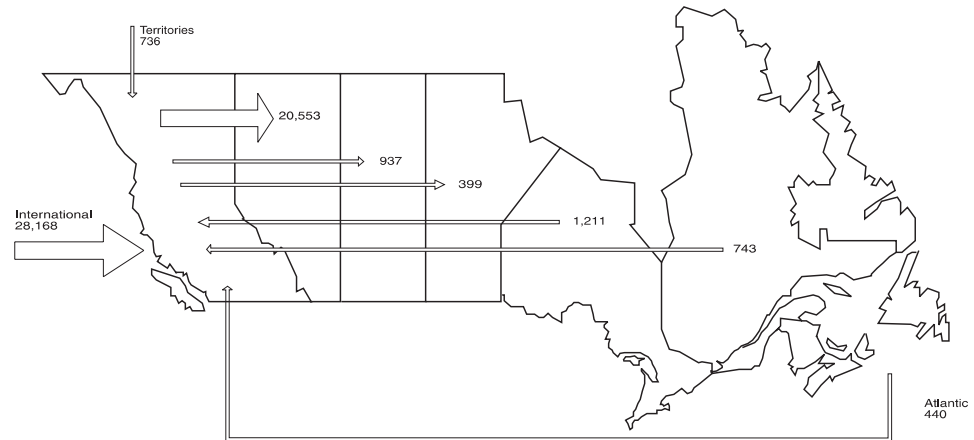


Source: Statistics Canada

Migrants to British Columbia tend to be younger, on average, than existing residents. They bring with them a higher average level of education, as a larger share of the migrant population holds university degrees. They also tend to have a higher level of occupational skills, as witnessed by the greater proportion of migrants in managerial and professional occupations.

During 1998, there was a net population outflow to the rest of Canada of 18,759 persons, the first time since 1985 that British Columbia has lost population to the rest of Canada. This was largely the result of a net outflow of population to Alberta, and reflects the strong economic growth in Alberta and falling unemployment rates relative to British Columbia. There were also net outflows of population to Saskatchewan and Manitoba in 1998, while net inflows were recorded from other parts of Canada (see Map 3.2). Despite the net outflows to the rest of Canada, there was a net gain of 28,168 people through international migration, for a total net migration gain of 9,409 people.

Map 3.2 Net Population Movement (Calendar Year 1998)



Note: Net population movement represents total inflow less total outflow.

Source: Statistics Canada

The origin of these immigrants has changed over time. Historically, the bulk of the immigrant population came from Europe. Europe is still a significant source, but is declining as a share of overall migration. More recently, Asia has become the predominant source of immigrants to British Columbia.

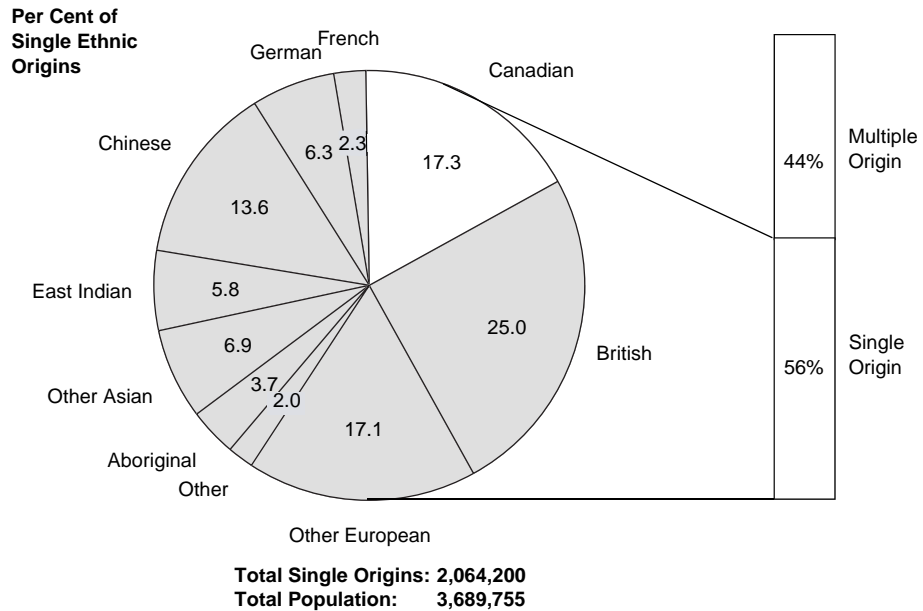
Ethnicity

British Columbia has a diverse ethnic mosaic. Traditionally, British has been the most common ethnic origin, followed distantly by other European groups. With the shift in immigration patterns for the province, there has been a corresponding gradual shift in the province's ethnic make-up. While British is still by far the most common ethnic origin, some Asian groups have surpassed other European groups. Results from the 1996 Census indicate that the proportion of people reporting Chinese as a single ethnic origin continued to grow, and has now more than doubled the number of people reporting German as the single ethnic origin (see Chart 3.2 on next page).

The linguistic make-up of British Columbia is also changing as a result of shifting sources of immigration. English represents by far the largest proportion of languages spoken, with over 76 per cent of British Columbians having English as their mother tongue in 1996. In addition, over 85 per cent of British Columbians said that English was the language used at home. After English, those British Columbians reporting one mother tongue spoke Chinese most frequently (6.8 per cent), followed by Punjabi (2.6 per cent), German (2.4 per cent) and French (1.4 per cent).

The number and type of visible minorities in the province also reflects the source of immigrants. In total, there were 660,545 people who identified themselves as visible minorities in the 1996 Census, which represents almost 18 per cent of the population. Of these, the overwhelming majority (about 90 per cent) are of Asian descent. Chinese, at over 45 per cent, are the largest visible minority in British Columbia, and represent about 8 per cent of total provincial population. For the country as a whole,

Chart 3.2 Single Ethnic Origins in British Columbia, 1996



11 per cent of the population identified themselves as visible minorities, with Ontario at 16 per cent being the only province other than British Columbia above the national average.

Age Structure of the Population

The age structure of British Columbia is shaped largely by the post-war baby boom and the subsequent drop in birth rates. The effects of the baby boom can easily be seen in the bulge in population between the ages of 25 and 44. This age group accounted for 32.7 per cent of the population in 1998 (see Table 3.1 on next page).

Chart 3.3 British Columbia Population by Age and Sex, 1998



As baby boomers age, so too will the province's population. The median age in 1998 was 36.4 years, compared to 33.6 years in 1988. The combination of increased life expectancies and low fertility rates relative to the past will ensure that this ageing trend will continue. Population ageing is reflected by the growing proportion of the population over the age of 64. In 1998, 12.7 per cent of population was over the age of 64, up slightly from 12.4 per cent in 1988. As baby boomers start to reach this age group, the proportion aged 65 and over will grow even faster.

Consequences of an ageing population will be numerous. Demand for products and services used by the elderly will rise, while emphasis on social expenditures will likely shift towards health care funding and away from education.

Table 3.1 British Columbia Population by Age Group

Age Group	At July 1				Change 1988–1998 (per cent)
	1988		1998		
	(thousands)	(per cent)	(thousands)	(per cent)	
0–4.....	215	6.9	240	6.0	11.5
5–17.....	536	17.2	678	16.9	26.4
18–24.....	328	10.5	370	9.2	12.7
25–44.....	1,040	33.4	1,310	32.7	25.9
45–64.....	610	19.6	904	22.6	48.3
65 and over.....	387	12.4	509	12.7	31.6
British Columbia total.....	3,116	100.0	4,009¹	100.0	28.7

¹ The British Columbia population total incorporates the latest revisions by Statistics Canada and do not match the population totals at the age group and regional levels, which are based on previous Statistics Canada estimates. Totals will not add and percentages will not calculate.

Source: Statistics Canada.

Family Structure of the Population

The definition and structure of the family has changed over time as demographic, social and economic changes have occurred. Shifting societal values have made some forms of families more acceptable than in the past. About 85 per cent of British Columbians lived in families in 1996. Of these families, a lone parent headed almost 14 per cent, up from just under 11 per cent in 1981. There are also more common-law unions. In 1996, 10 per cent of British Columbia families were common-law, up from 8 per cent in 1981 (although this is down from 11 per cent in 1991). Fewer families reported children living at home partly because the children of baby boomers are starting to move away from home, people are living longer, and partly because people are choosing not to have children due to the availability of reliable birth control methods and more women pursuing careers outside the home. In 1996, 54 per cent of husband/wife families had children living at home (57 per cent for legally married couples and 38 per cent for common-law couples), compared to 58 per cent in 1981.

Regional Population Change

Growth in British Columbia since 1988 is concentrated in three regions — Mainland/Southwest, Vancouver Island/Coast and Thompson/Okanagan (see Table 3.2 on next page). Thompson/Okanagan had the highest growth rate during this period, while the Mainland/Southwest region, which contains the Greater Vancouver Regional District, increased its share of total provincial population to 56.8 per cent from 55.4 per cent. Almost all other regions experienced some decline in their share of the total population, except Thompson/Okanagan, which increased to 12.1 from 11.6 per cent.

Table 3.2 British Columbia Population by Development Region

Development Region	At July 1		Change	Share of Total Population	
	1988	1998	1988-1998	1988	1998
	(thousands)			(per cent)	
Vancouver Island/Coast.....	576.0	723.7	25.6	18.5	18.1
Mainland/Southwest.....	1,724.8	2,277.8	32.1	55.4	56.8
Thompson/Okanagan.....	362.9	487.2	34.2	11.6	12.2
Kootenay.....	133.5	156.1	16.9	4.3	3.9
Cariboo.....	153.9	179.7	16.8	4.9	4.5
North Coast.....	65.6	72.1	9.9	2.1	1.8
Nechako.....	41.0	46.6	13.7	1.3	1.2
Northeast.....	57.9	66.8	15.4	1.9	1.7
British Columbia total	3,115.7	4,009.0¹	28.7	100.0	100.0

¹ The British Columbia population total incorporates the latest revisions by Statistics Canada and do not match the population totals at the regional and age group levels, which are based on previous Statistics Canada estimates. Totals will not add and percentage will not calculate.

Source: BC STATS, Ministry of Finance and Corporate Relations.

The three regions that sustained the most growth are also the regions with the highest population densities. They account for 87 per cent of the provincial population, but less than 25 per cent of the land mass of the province. The Greater Vancouver Regional District had a population density of 675 people per square kilometre in 1998, compared to 4 people per square kilometre for all British Columbia.

There are several reasons for the continued centralization of the population into the southern part of the province, and in particular, the Census Metropolitan Areas of Vancouver and Victoria. One is the shift in economic activity toward service-oriented activities in heavily populated areas. Another is the dependence of other regions on resource-based industries. These industries have undergone restructuring in recent years, which has undermined employment growth. Finally, there is the growth of retirement communities located in more temperate climates.

As the population ages, the retirement base in the province will grow. The Vancouver Island/Coast and the Thompson/Okanagan regions are popular locations for retirement, and this has contributed to growth in these areas. The ageing population means an increasing demand for services.

There is a great deal of regional diversity in terms of ethnicity within British Columbia. For example, of those reporting Chinese as a single ethnic origin, 95 per cent reside within the Mainland/Southwest region and comprise almost 13 per cent of the population in that region. By contrast, Chinese comprises just under 2 per cent of the ethnic make-up (single origin only) of the Vancouver Island/Coast region, which has the second largest concentration of Chinese. In the northern regions, particularly the North Coast region, the distinguishing characteristic is a high percentage of people of aboriginal ethnic origin. Of those reporting a single ethnic origin in the North Coast region, almost 34 per cent were aboriginal. This compares to just under 4 per cent for British Columbia as a whole.

Labour Market

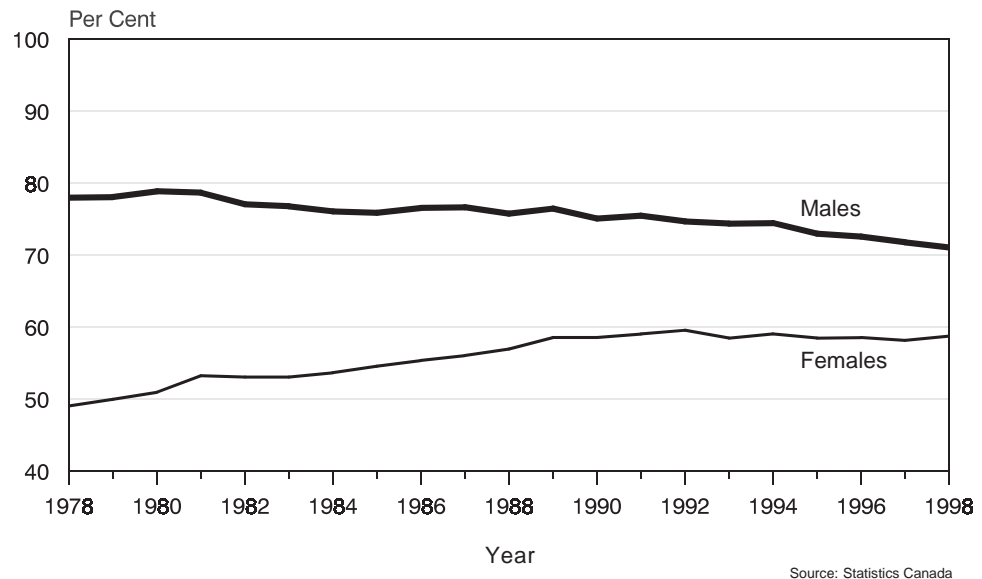
The British Columbia labour market continues to exhibit growth. The labour force grew 1.5 per cent in 1998 and employment increased 1.2 per cent to 1,860,400

persons. Part-time employment grew faster (4.1 per cent) than full-time employment (0.5 per cent), and accounted for two-thirds of net job gains. British Columbia continues to be the only province that has not experienced a decrease in employment in any year over the last decade. (See Chapter 1 and Appendix A3.2 for further details on labour market conditions.)

Labour Force

In recent decades, one of the most significant changes in British Columbia's labour force has been the growth in the number of women participants. Over the last 20 years, between 1978 and 1998, the female labour force increased by 92 per cent, outpacing female population growth of 60.3 per cent. In 1998, there were 938,400 females or 58.8 per cent of women aged 15 years and over, in the labour force compared to 49.1 per cent in 1978. The male participation rate, on the other hand, decreased to 71.1 per cent in 1998 from 78.0 per cent in 1978 (see Chart 3.4). As a result, the proportion of the labour force comprised of women has grown steadily, to 45.9 per cent in 1998 from 37.7 per cent in 1978.

Chart 3.4 British Columbia Labour Force Participation Rates



A skilled and well-educated labour force is essential in order to prosper in today's competitive international marketplace. In 1998, 62.5 per cent of the labour force attended or graduated from a post-secondary institute, compared with 42.4 per cent in 1988. The proportion of those in the work force who completed some type of post-secondary education (university degree, college certificate or diploma, or trade certificate) rose to 50.8 per cent from 28.8 per cent over this 10-year period.

Employment

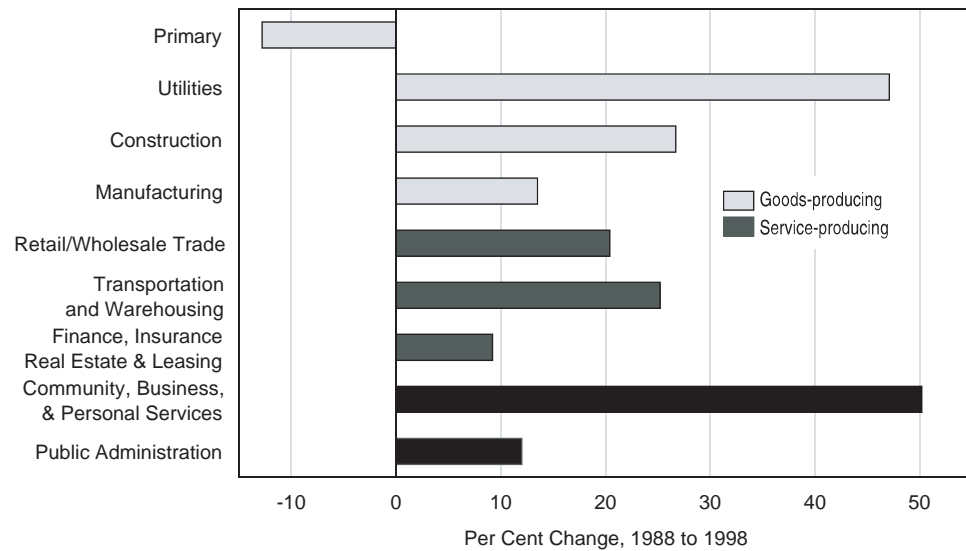
Over the last 10 years, the number of people employed in British Columbia has increased 28.8 per cent. The manufacturing and resource-based sectors are an important part of British Columbia's economy, but they are less important in terms of the percentage of people employed than they were 10 years ago. Between 1988 and 1998, employment in British Columbia's service-producing sector grew by 34.7 per cent, an increase of 375,100 jobs. Over the same period, some traditional industries like mining and fishing experienced declines in employment.

Table 3.3 Characteristics of the British Columbia Labour Force

Characteristics	1988		1998	
	(thousands)	(per cent)	(thousands)	(per cent)
Labour force.....	1,611	100.0	2,043	100.0
Sex				
Male.....	910	56.5	1,104	54.1
Female.....	701	43.5	938	45.9
Age group				
15–24.....	322	20.0	313	15.3
25–44.....	875	54.3	1,079	52.8
45–64.....	394	24.5	619	30.3
65 and over.....	20	1.2	31	1.5
Educational attainment				
0–8 years.....	94	5.8	43	2.1
9–13 years.....	835	51.8	724	35.4
Some secondary.....	—	—	262	12.8
Graduated from high school.....	—	—	462	22.6
Some post-secondary.....	219	13.6	238	11.7
Post-secondary certificate or diploma.....	234	14.6	667	32.7
University degree.....	228	14.2	370	18.1

Note: Totals may not add and percentages may not calculate due to rounding.
Source: Statistics Canada.

Chart 3.5 British Columbia Employment Change by Industry, 1988 to 1998

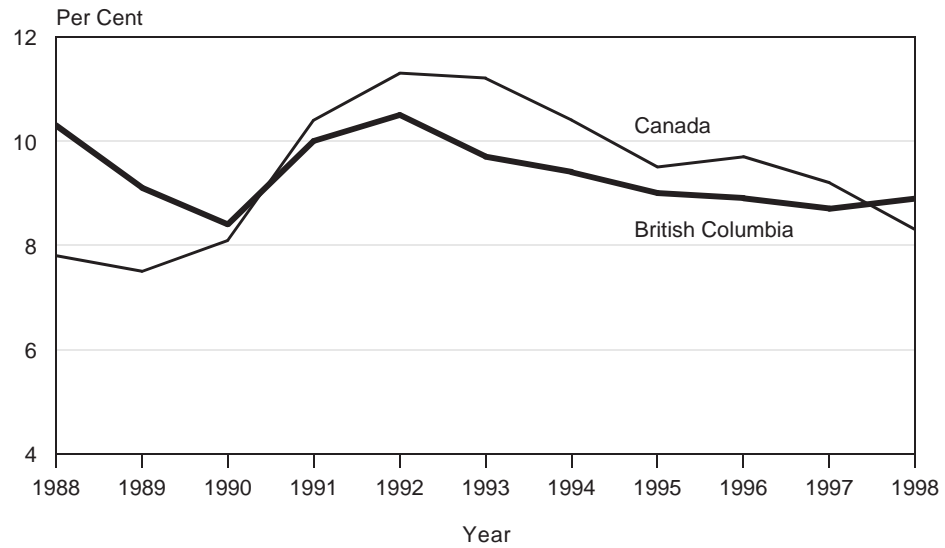


Source: Statistics Canada

Unemployment

While the overall employment growth for 1998 was positive for British Columbia, labour force growth throughout the year pushed the unemployment rate up to 8.9 per cent in 1998, from 8.7 per cent in 1997.

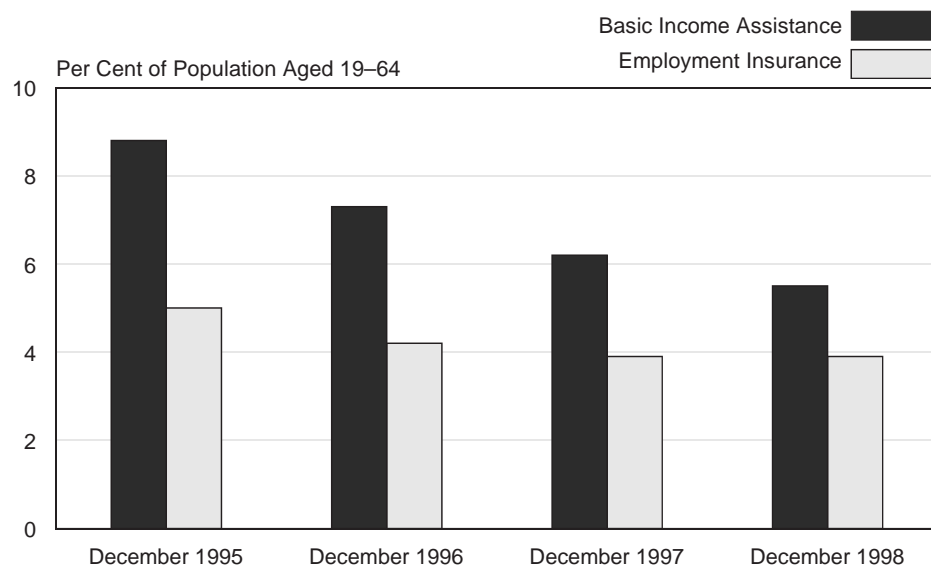
The average duration of unemployment for British Columbians was 18.2 weeks in 1998, below the national average of 20.4 weeks. Unemployed persons aged 45 years and over experienced more difficulty in finding employment. For this age group, the duration of unemployment averaged 25.8 weeks.

Chart 3.6 Unemployment Rate: British Columbia and Canada

Source: Statistics Canada

In December 1998, there were 99,411 persons in British Columbia between the ages of 19 and 64 receiving employment insurance benefits, representing 3.9 per cent of this population group. The average number of weeks on claim were 16.1 and the average weekly benefit rate was \$295. Individuals who are no longer entitled to employment insurance benefits and cannot find work can apply for income assistance from the provincial government.

In December 1998, there were 138,520 persons ages 19 to 64 receiving basic income assistance² in British Columbia, representing 5.5 per cent of this age group. This was down from 153,477 recipients in December 1997, when the proportion of this group

Chart 3.7 Basic Income Assistance and Employment Insurance Benefits

Source: Ministry of Human Resources; Human Resources Development Canada; BC STATS, Ministry of Finance and Corporate Relations

² Basic income assistance includes all recipients of basic BC Benefits except for persons with disabilities, children living in the home of a relative, seniors ages 65 and over, and aboriginal people living on reserves.

receiving assistance was 6.2 per cent. Of the persons receiving basic assistance in December 1998, 52.5 per cent were single recipients, 28.5 per cent were single-parent recipients, 13.0 per cent were two-parent family recipients and 6.1 per cent were couples.

Income

Average weekly earnings in British Columbia reached \$618.62 in 1998, an increase of 0.7 per cent, or \$4.45 over 1997. Goods-producing industries recorded a 1.3-per-cent increase in earnings to \$800.19 and the service-producing industries recorded an increase of 0.6 per cent to \$573.19. On an industry basis, average weekly earnings were highest in the mining and forestry industries.

Table 3.4 Average Weekly Earnings in British Columbia¹

Industry	1992	1997	1998
		(dollars)	
Logging and forestry	753.13	920.35	878.69
Mines, quarries and oil wells.....	965.21	1,050.15	1,119.26
Manufacturing	668.66	771.87	783.34
Construction	612.93	707.64	724.01
Goods-producing industries	681.17	790.02	800.19
Transportation, communication and other utilities.....	745.07	813.17	836.65
Trade.....	419.42	479.20	490.80
Finance, insurance and real estate.....	587.91	756.66	730.44
Community, business and personal services.....	462.64	519.69	522.60
Public administration.....	740.07	784.40	780.20
Service-producing industries.....	508.95	569.54	573.19
Industrial aggregate.....	545.89	614.17	618.62

¹ Includes overtime.
Source: Statistics Canada.

Statistics Canada's fixed-weighted average hourly earnings index for British Columbia decreased 1.1 per cent in 1998. This index is a good measure of economy-wide wage change as it attempts to neutralize the impact of occupational and industrial shifts on the change in earnings.

Old Age Security (OAS) pensioners with no income or only a limited amount of income apart from OAS are eligible for Guaranteed Income Supplement (GIS). In 1998, 31.0 per cent of all seniors in British Columbia received either partial or full GIS, down from 31.5 per cent in 1997.

According to Statistics Canada, personal income, which comprises all forms of income accruing to individuals, reached an estimated \$94.6 billion in 1997, up 2.5 per cent from 1996. On a per person basis, average personal income for British Columbians was \$24,115 in 1997, up 0.4 per cent from 1996. Total wages and salaries, the largest component of personal income, totalled \$53.9 billion in 1998, a 1.7 per cent increase from 1997.

Regional Profiles

The province is divided into eight "development" regions. The following section provides a brief overview of each of these regions. Appendix A3.3 and A3.4 provide historical population figures and employment to population ratios for the regions.

Vancouver
Island/Coast

The Vancouver Island/Coast region comprises all of Vancouver Island, numerous smaller islands and a section of the coastal mainland stretching from Powell River to Bella Coola. Rugged mountains predominate, except for a narrow coastal plain extending along the east coast of Vancouver Island. Regular ferry services link the Island to various points on the mainland, and the Island Highway, which has recently been upgraded, serves the eastern portion of the Island. The Gold River and Tofino highways provide easy access to the west coast. The region covers 9.8 per cent of the total land area of the province and accounts for 18.0 per cent of the population.

Table 3.5 Vancouver Island/Coast Development Region Summary, 1998

	Vancouver Island/Coast	Provincial Share		Vancouver Island/Coast	British Columbia
		(per cent)		(per cent)	
Population	723,693	18.0	Employment rate	56.1	59.1
Employment.....	323,400	17.4	Unemployment rate	9.8	8.9
Business establishments ¹ ...	25,144	16.3	1997/98 population change....	0.7	1.2

¹ Excludes establishments without paid employees.

Source: BC STATS, Ministry of Finance and Corporate Relations; Statistics Canada.

The region is second only to the Mainland/Southwest in terms of population and economic activity. Its population is concentrated in Victoria, the provincial capital, and population density diminishes from south to north. The Capital region is a major centre for trade, tourism, education, public administration and a growing high-technology sector. Elsewhere, the primary and resource-related manufacturing industries provide the region's main economic support with forest products in the leading role. In 1998, six pulp and paper mills operated on Vancouver Island and one at Powell River, although the pulp mill at Gold River has since closed permanently, and logging and sawmilling activity is widespread. Farming, commercial and sport fishing, aquaculture and mining (the latter near Campbell River and Port Hardy) are well represented. Tourism and the retirement industry also contribute to economic activity, particularly in the southern part of the region.

Table 3.6 Vancouver Island/Coast Development Region Population Estimates by Regional District

Regional District	At July 1			Average Annual Change (1998 over 1988) (per cent)
	1988	1997	1998	
Capital.....	286,158	334,542	335,369	1.6
Cowichan Valley.....	55,952	75,342	76,237	3.1
Nanaimo.....	88,715	130,315	132,297	4.1
Alberni-Clayoquot	31,321	33,339	33,394	0.6
Comox-Strathcona.....	76,541	103,995	105,516	3.3
Powell River.....	18,907	21,172	21,232	1.2
Mount Waddington.....	14,958	15,392	15,304	0.2
Central Coast.....	3,410	4,310	4,344	2.5
Total Vancouver Island/Coast.....	<u>575,962</u>	<u>718,407</u>	<u>723,693</u>	2.3

Source: BC STATS, Ministry of Finance and Corporate Relations.

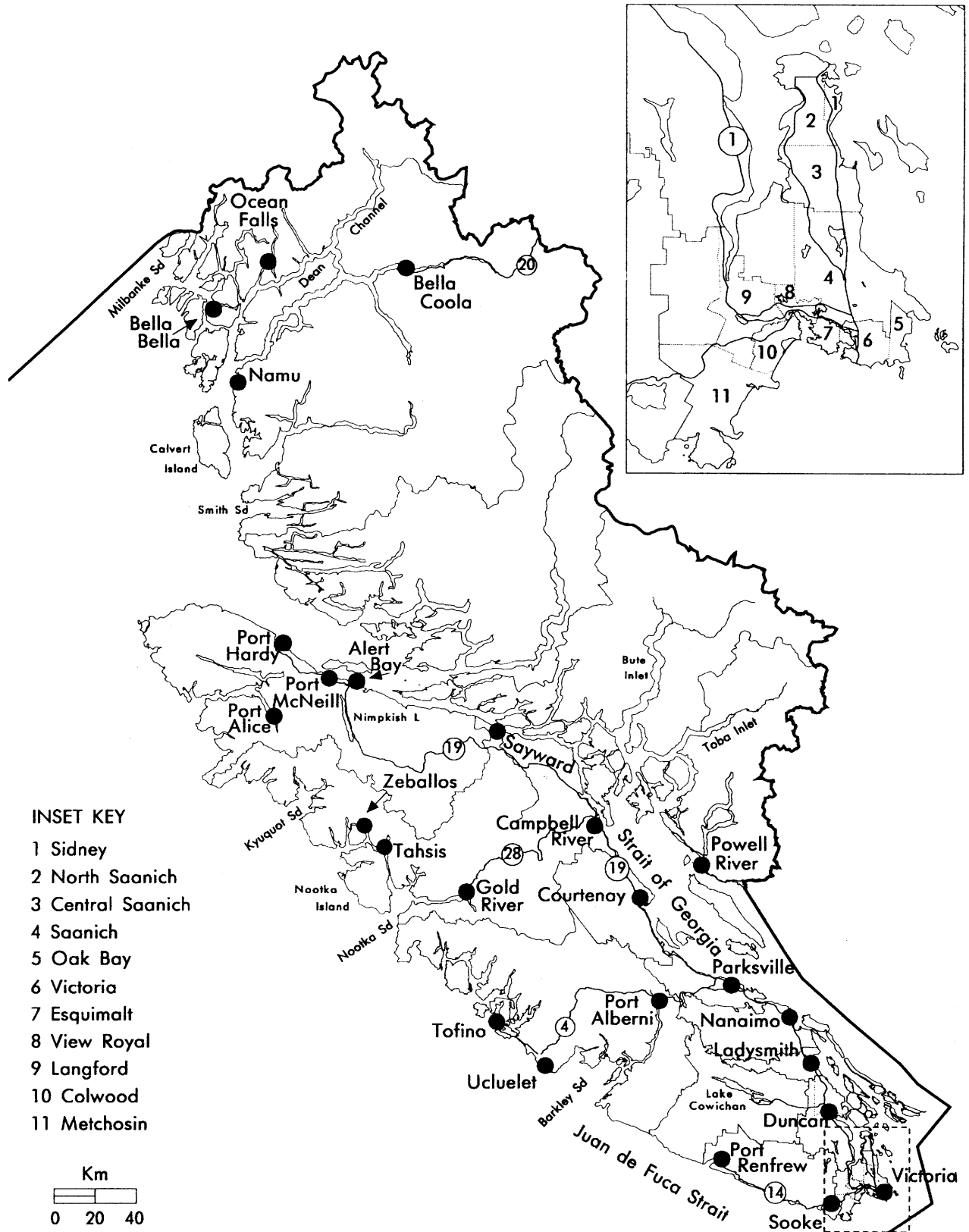


Table 3.7 Vancouver Island/Coast Development Region Employment by Industry, 1998

	Vancouver Island/Coast (thousands)	Share of British Columbia Industry Employment (per cent)
Agriculture.....	5.2	19.0
Forestry, fishing, mining, oil and gas.....	11.4	22.8
Utilities.....	1.5	11.7
Construction.....	20.8	17.3
Manufacturing.....	29.3	15.1
Total goods-producing sector.....	68.2	16.9
Trade.....	51.5	17.2
Transportation and warehousing.....	11.6	11.3
Finance, insurance, real estate and leasing.....	19.6	17.6
Professional, scientific and technical services.....	17.2	13.1
Management, administrative and other support.....	9.6	14.3
Educational services.....	25.1	20.7
Health care and social assistance.....	39.5	19.7
Information, culture and recreation.....	11.4	12.5
Accommodation and food services.....	28.4	19.2
Other services.....	16.7	18.1
Public administration.....	24.5	26.5
Total service-producing sector.....	255.1	17.5
Total regional employment.....	323.4	17.4

Note: Totals may not add and percentages may not calculate due to rounding.
Source: Statistics Canada.

Mainland/ Southwest



The Mainland/Southwest region is geographically the smallest region with only 4.2 per cent of the province's land area; however, it is the most populous region by far with 56.8 per cent of the province's population. The region consists of the lower Fraser Valley, associated uplands and the mountains that border them. It also encompasses part of the adjacent mainland coast connected to Vancouver by the coastal ferry system, as well as the Squamish and Lillooet River valleys that are linked to Lillooet through Anderson and Seton Lakes, and the Sunshine Coast.

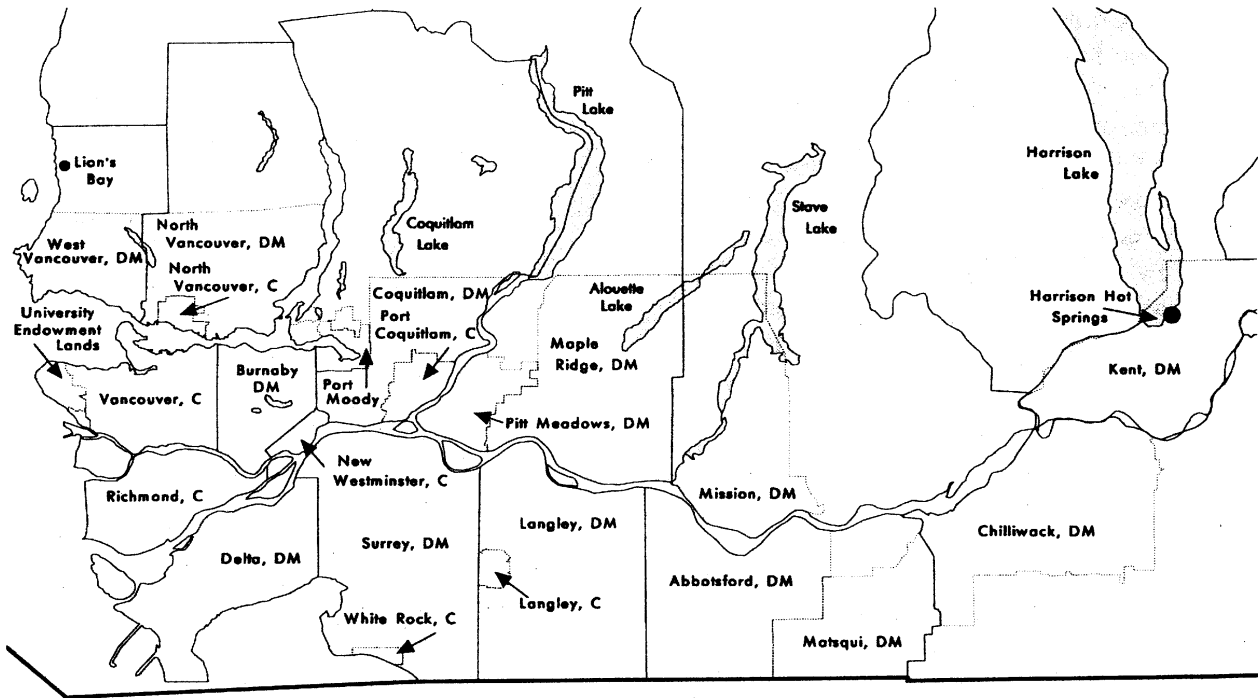
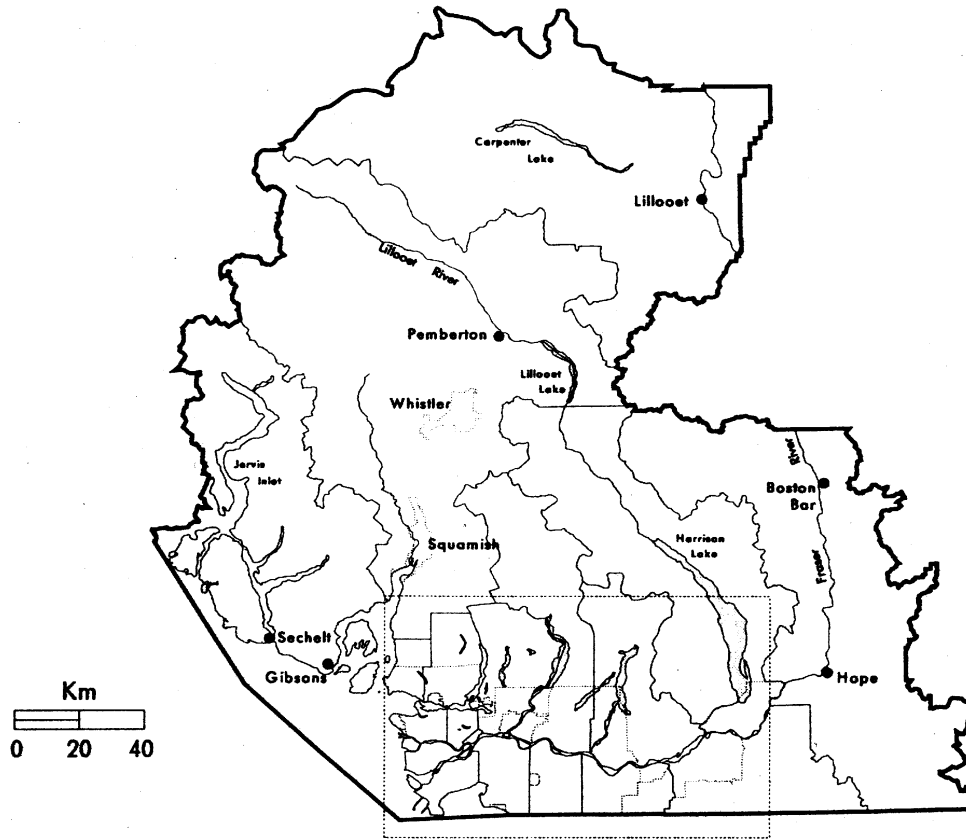
Table 3.8 Mainland/Southwest Development Region Summary, 1998

	Mainland/ Southwest	Provincial Share (per cent)		Mainland/ Southwest	British Columbia (per cent)
Population.....	2,277,834	56.8	Employment rate.....	60.3	59.1
Employment.....	1,091,500	58.7	Unemployment rate.....	8.2	8.9
Business establishments ¹ ...	87,507	56.8	1997/98 population change...	1.5	1.2

¹ Excludes establishments without paid employees.

Source: BC STATS, Ministry of Finance and Corporate Relations; Statistics Canada.

The Lower Mainland is the leading centre for many activities in the province, including manufacturing, services, trade, farming and fishing. The urban centre of Greater Vancouver is the hub for most financial, educational, tourist, transportation, cultural and industrial activity in the region, while the resource industries play a major role in



the less densely populated areas. The forest resource industries are particularly significant in the Squamish, Lillooet, Hope-Fraser Canyon, Sunshine Coast, Kent-Harrison and Mission areas. In the Squamish area, railcar maintenance, port operations and tourism provide additional economic support. In the Chilliwack area, agriculture is the dominant resource activity.

Table 3.9 Mainland/Southwest Development Region Population Estimates by Regional District

Regional District	At July 1			Average Annual Change (1998 over 1988) (per cent)
	1988	1997	1998	
Fraser Valley	166,698	236,086	239,114	3.7
Greater Vancouver	1,517,932	1,947,550	1,976,350	2.7
Sunshine Coast.....	18,385	26,542	27,035	3.9
Squamish-Lillooet.....	21,803	34,031	35,335	5.0
Total Mainland/Southwest.....	<u>1,724,818</u>	<u>2,244,209</u>	<u>2,277,834</u>	2.8

Source: BC STATS, Ministry of Finance and Corporate Relations.

The provincial high-technology sector is centred in this region due to the proximity of university and other research enterprises, a large market, and extensive air, sea and land transportation facilities. Information technology dominates the sector, but engineering, aerospace and health technologies are also strong components.

Table 3.10 Mainland/Southwest Development Region Employment by Industry, 1998

	Mainland/ Southwest (thousands)	Share of British Columbia Industry Employment (per cent)
Agriculture.....	12.1	44.3
Forestry, fishing, mining, oil and gas	11.5	23.0
Utilities.....	8.2	64.1
Construction	69.0	57.3
Manufacturing	<u>106.6</u>	55.1
Total goods-producing sector.....	<u>207.4</u>	51.3
Trade.....	180.5	60.3
Transportation and warehousing.....	68.8	67.2
Finance, insurance, real estate and leasing.....	72.6	65.2
Professional, scientific and technical services	94.2	71.9
Management, administrative and other support	44.9	66.9
Educational services	68.9	56.8
Health care and social assistance.....	112.3	56.1
Information, culture and recreation	61.8	67.8
Accommodation and food services.....	80.0	54.1
Other services.....	52.0	56.4
Public administration	<u>48.0</u>	51.8
Total service-producing sector	<u>884.0</u>	60.7
Total regional employment	<u>1,091.5</u>	58.7

Note: Totals may not add and percentages may not calculate due to rounding.
Source: Statistics Canada.

Thompson/
Okanagan



The Thompson/Okanagan region covers the Okanagan, Similkameen, Nicola and Thompson valleys, as well as the highway-rail corridor from Golden to the Fraser Canyon at Lytton. The region contains a diverse topography, ranging from high mountains and fertile valleys to a desert region at the southern end of the Okanagan Valley. The region contains 10.8 per cent of the provincial land area and 12.1 per cent of the population.

Table 3.11 Thompson/Okanagan Development Region Summary, 1998

	Thompson/ Okanagan	Provincial Share (per cent)		Thompson/ Okanagan	British Columbia (per cent)
Population	487,122	12.1	Employment rate	55.5	59.1
Employment.....	212,100	11.4	Unemployment rate	8.3	8.9
Business establishments ¹ ...	20,239	13.1	1997/98 population change...	1.5	1.2

¹ Excludes establishments without paid employees.

Source: BC STATS, Ministry of Finance and Corporate Relations; Statistics Canada.

The predominant industries in the region are forestry, mining, agriculture and tourism. Manufacturing, transportation and trade services are also key contributors to the economy. Much of the western half of the region is prime cattle range, while forest industry activity is widespread throughout the region.

Table 3.12 Thompson/Okanagan Development Region Population Estimates by Regional District

Regional District	At July 1			Average Annual Change (1998 over 1988) (per cent)
	1988	1997	1998	
Okanagan-Similkameen.....	62,865	79,956	80,197	2.5
Thompson-Nicola	102,523	126,658	128,380	2.3
Central Okanagan	98,002	146,131	149,804	4.3
North Okanagan	58,485	76,025	76,551	2.7
Columbia-Shuswap.....	41,029	51,135	52,256	2.5
Total Thompson/Okanagan.....	362,904	479,905	487,188	3.0

Source: BC STATS, Ministry of Finance and Corporate Relations.

The Highland Valley area, southwest of Kamloops, contains a number of copper/molybdenum mines that are consolidated into a single operation that is one of the largest in the world. Mineral exploration activity continues, and future mining activities will depend on favourable prices and resolution of environmental concerns associated with development.

Kamloops and Kelowna are the region's largest communities with extensive local economies based on trade, administration, services and manufacturing. Kamloops is a major transportation centre with a jet service airport, two major railways and the Trans Canada and Coquihalla highways serving the Alberta to Vancouver corridor. Tourism and the retirement industries provide considerable economic benefit to the entire region, particularly in the Okanagan and Shuswap areas.

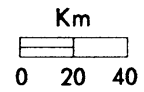
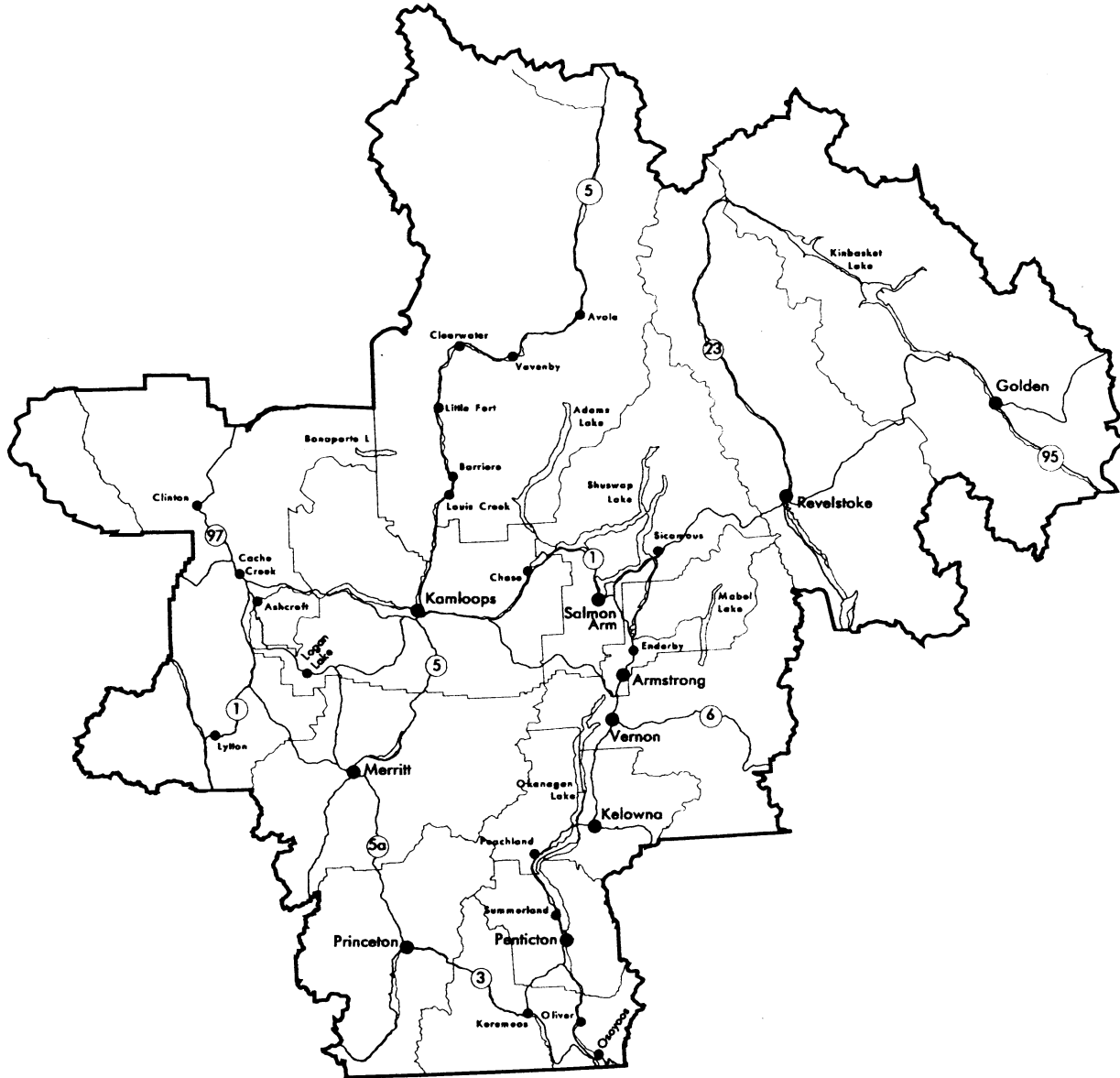


Table 3.13 Thompson/Okanagan Development Region Employment by Industry, 1998

	Thompson/ Okanagan	Share of British Columbia Industry Employment
	(thousands)	(per cent)
Agriculture.....	6.4	23.4
Forestry, fishing, mining, oil and gas.....	5.3	10.6
Utilities.....	— ¹	— ¹
Construction.....	15.6	12.9
Manufacturing.....	25.9	13.4
Total goods-producing sector.....	54.3	13.4
Trade.....	33.2	11.1
Transportation and warehousing.....	8.7	8.5
Finance, insurance, real estate and leasing.....	11.0	9.9
Professional, scientific and technical services.....	9.4	7.2
Management, administrative and other support.....	6.6	9.8
Educational services.....	12.9	10.6
Health care and social assistance.....	29.0	14.5
Information, culture and recreation.....	9.2	10.1
Accommodation and food services.....	18.2	12.3
Other services.....	12.6	13.7
Public administration.....	7.1	7.7
Total service-producing sector.....	157.9	10.8
Total regional employment.....	212.1	11.4

¹ Indicates industries with employment of less than 1,500 people. Totals may not add and percentages may not calculate.

Source: Statistics Canada.

Kootenay



The Kootenay region is located in the southeastern portion of the province, with the United States to the south, Alberta to the east and the Thompson-Okanagan to the north and west. It represents 6.7 per cent of the provincial land area and contains 3.9 per cent of the population. The region is characterized by a series of north-south oriented valleys separated by high mountain ranges and containing a number of reservoirs for power generation facilities (Columbia and Kootenay River waterways). Five large lakes, Kootenay, Arrow, Slocan, Duncan and Koochanusa, cover extensive areas of the Kootenay Region.

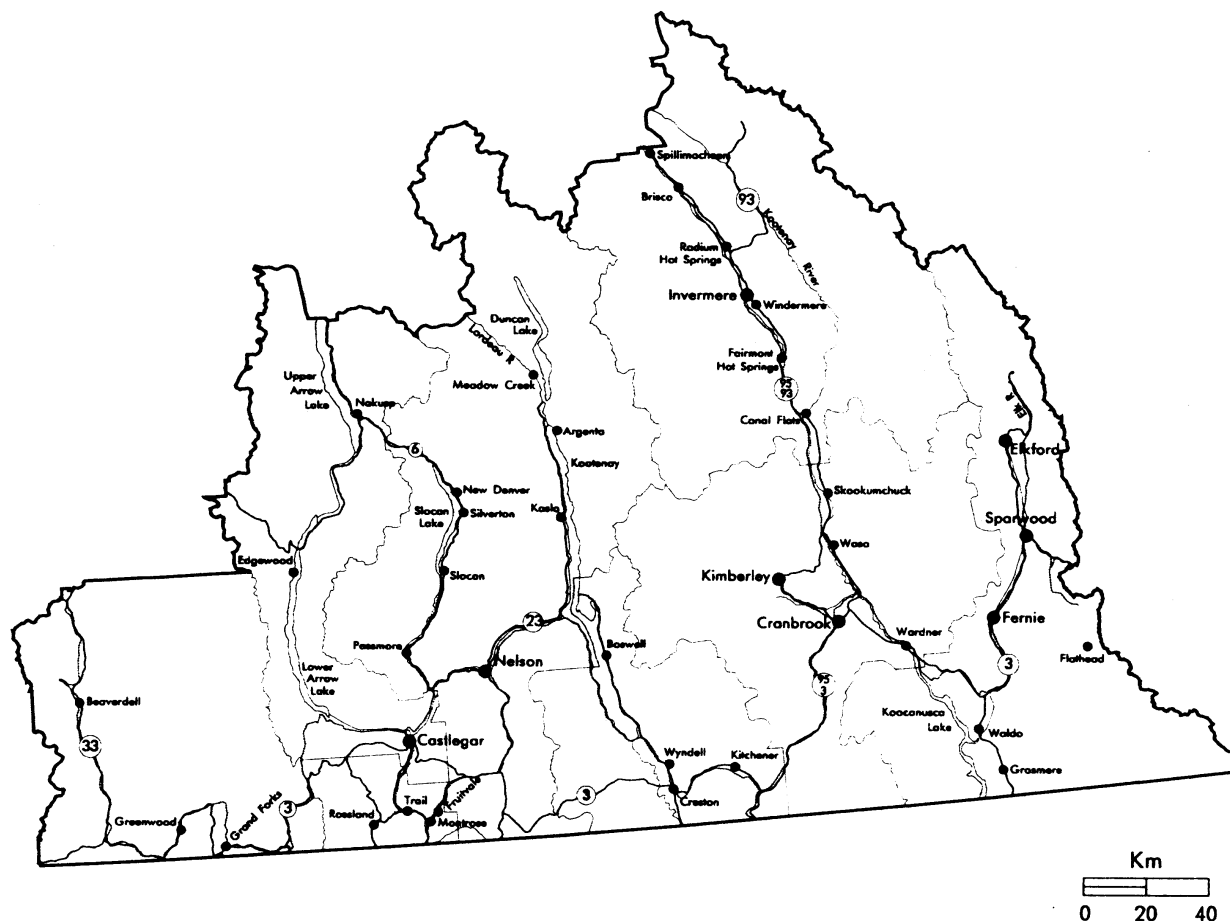
Table 3.14 Kootenay Development Region Summary, 1998

	Kootenay	Provincial Share		Kootenay	British Columbia
		(per cent)		(per cent)	
Population.....	156,051	3.9	Employment rate.....	57.4	59.1
Employment.....	69,800	3.8	Unemployment rate.....	12.1	8.9
Business establishments ¹ ...	6,229	4.0	1997/98 population change....	0.8	1.2

¹ Excludes establishments without paid employees.

Source: BC STATS, Ministry of Finance and Corporate Relations; Statistics Canada.

Mining and forestry industries play a major role in the region's economy. Coal mining is particularly dominant in the eastern portion of the region, and those employed in mining in this region constitute about one-quarter of the provincial total in that



category. Forestry-based industries exert a large influence on the economy of much of the Kootenay region, with two large pulp mills at Skookumchuck and Castlegar, and an abundance of lumber mills throughout the region. Other major industries are the Sullivan Mine at Kimberley, and the Cominco lead-zinc smelter that it supplies at Trail. These two industries account for the majority of employment in these two areas. Agriculture, particularly cattle ranching, is distributed throughout the region as well.

Table 3.15 Kootenay Development Region Population Estimates by Regional District

Regional District	At July 1			Average Annual Change (1998 over 1988) (per cent)
	1988	1997	1998	
East Kootenay.....	53,013	59,552	60,245	1.3
Central Kootenay.....	49,848	61,105	61,536	2.1
Kootenay-Boundary.....	30,680	34,191	34,270	1.1
Total Kootenay.....	133,541	154,848	156,051	1.6

Source: BC STATS, Ministry of Finance and Corporate Relations.

The Creston Valley is also well known for its grain, fruit and vegetable industries. As the Kootenay region diversifies, tourism and the service industry are becoming substantial contributors. Cranbrook is the regional centre for trade and services in the eastern part of the region, while Nelson fulfils that role in the western portion.

Table 3.16 Kootenay Development Region Employment by Industry, 1998

	Kootenay (thousands)	Share of British Columbia Industry Employment (per cent)
Agriculture.....	— ¹	— ¹
Forestry, fishing, mining, oil and gas.....	5.8	11.6
Utilities.....	— ¹	— ¹
Construction.....	4.5	3.7
Manufacturing.....	8.9	4.6
Total goods-producing sector.....	<u>21.2</u>	5.2
Trade.....	9.8	3.3
Transportation and warehousing.....	2.6	2.5
Finance, insurance, real estate and leasing.....	2.6	2.3
Professional, scientific and technical services.....	3.7	2.8
Management, administrative and other support.....	1.8	2.7
Educational services.....	4.5	3.7
Health care and social assistance.....	6.1	3.0
Information, culture and recreation.....	3.5	3.8
Accommodation and food services.....	8.8	5.9
Other services.....	2.2	2.4
Public administration.....	2.9	3.1
Total service-producing sector.....	<u>48.5</u>	3.3
Total regional employment.....	<u>69.8</u>	3.8

¹ Indicates industries with employment of less than 1,500 people. Totals may not add and percentages may not calculate.

Source: Statistics Canada.

Cariboo



The Cariboo region encompasses 13.5 per cent of the province's land area, and contains 4.5 per cent of the population. Bounded by high mountains on the east and southwest, the region is primarily a plateau comprised of modest, rolling hills. It is heavily forested, but lower elevations provide excellent areas for raising beef cattle. The Fraser River loops through the region, forming the boundary between the Chilcotin and Cariboo districts in the southern portion of the region.

Table 3.17 Cariboo Development Region Summary, 1998

	Cariboo	Provincial Share (per cent)		Cariboo	British Columbia (per cent)
Population.....	179,729	4.5	Employment rate.....	62.5	59.1
Employment.....	80,000	4.3	Unemployment rate.....	14.6	8.9
Business establishments ¹ ...	7,125	4.6	1997/98 population change...	1.2	1.2

¹ Excludes establishments without paid employees.

Source: BC STATS, Ministry of Finance and Corporate Relations; Statistics Canada.

The economy of the region is fairly diversified. Forestry provides the main economic support throughout the region, with virtually every community deriving at least part of its income from forest-related activities. There are seven pulp and paper mills in the region and numerous lumber mills throughout. Agriculture plays an important role for some areas, particularly the region's southern portion that is the centre of cattle

Table 3.18 Cariboo Development Region Population Estimates by Regional District

Regional District	At July 1			Average Annual Change (1998 over 1988) (per cent)
	1988	1997	1998	
Cariboo	62,383	72,207	73,024	1.6
Fraser-Fort George	91,555	105,377	106,705	1.5
Total Cariboo	<u>153,938</u>	<u>177,584</u>	<u>179,729</u>	1.6

Source: BC STATS, Ministry of Finance and Corporate Relations.

ranching in British Columbia. Mining has had an historical significance and is still an important contributor to the economy of some areas in the region. The area from Quesnel to Barkerville has a long history of placer and lode gold mining. Currently, there is a large copper-gold mine near Likely, which opened in 1997. A large open-pit copper-molybdenum mine located near Williams Lake closed early in 1999, but may reopen sometime in the future if copper prices rebound. There is also further potential for several mineral deposits that will likely be exploited when market conditions are favourable. There is a greater emphasis on the tertiary sector in Prince George, and it has developed as the leading trade, administration, manufacturing and service centre in the northern part of the province on the strength of its central location on the rail and highway systems. It is also home for the main campus of the University of Northern British Columbia.

Table 3.19 Cariboo Development Region Employment by Industry, 1998

	Cariboo (thousands)	Share of British Columbia Industry Employment (per cent)
Agriculture.....	1.6	5.9
Forestry, fishing, mining, oil and gas	6.5	13.0
Utilities..... ¹	— ¹	— ¹
Construction	4.7	3.9
Manufacturing	<u>11.7</u>	6.0
Total goods-producing sector.....	<u>25.0</u>	6.2
Trade.....	12.3	4.1
Transportation and warehousing.....	4.8	4.7
Finance, insurance, real estate and leasing	2.7	2.4
Professional, scientific and technical services	3.3	2.5
Management, administrative and other support	2.1	3.1
Educational services.....	5.3	4.4
Health care and social assistance.....	6.8	3.4
Information, culture and recreation	3.2	3.5
Accommodation and food services.....	5.6	3.8
Other services.....	4.5	4.9
Public administration	4.5	4.9
Total service-producing sector.....	<u>55.1</u>	3.8
Total regional employment	<u>80.0</u>	4.3

¹ Indicates industries with employment of less than 1,500 people. Totals may not add and percentages may not calculate.

Source: Statistics Canada.

North Coast

**Table 3.20 North Coast and Nechako Development Regions Summary, 1998**

	North Coast and Nechako	Provincial Share		North Coast and Nechako	British Columbia
		(per cent)		(per cent)	
Population	118,645	3.0	Employment rate	62.1	59.1
Employment.....	49,800	2.7	Unemployment rate	9.8	8.9
Business establishments ¹ ...	4,593	3.0	1997/98 population change....	0.3	1.2

¹ Excludes establishments without paid employees.

Source: BC STATS, Ministry of Finance and Corporate Relations; Statistics Canada.

The North Coast region borders the Pacific Ocean and the Alaska Panhandle and includes the Queen Charlotte Islands. It is the fourth largest of the eight regions, covering 12.5 per cent of the province. The region includes only 1.8 per cent of the provincial population and most of the residents are concentrated near Prince Rupert, Terrace, Kitimat, Stewart and New Hazelton. Rugged mountains and deeply cut river valleys characterize the topography of the region.

Table 3.21 North Coast and Nechako Development Regions Population Estimates by Regional District

Regional District	At July 1			Average Annual Change (1998 over 1988) (per cent)
	1988	1997	1998	
Skeena-Queen Charlotte	23,978	25,910	25,530	0.6
Kitimat-Stikine.....	41,594	46,435	46,531	1.1
Bulkley-Nechako.....	38,855	44,450	45,105	1.5
Stikine	2,132	1,481	1,479	-3.6
Total North Coast and Nechako	<u>106,559</u>	<u>118,276</u>	<u>118,645</u>	1.1

Source: BC STATS, Ministry of Finance and Corporate Relations.

The economy of the region is as diverse as its topography. The coastal communities rely heavily on fishing and fish processing. There is logging on the Queen Charlotte Islands and in the southern two-thirds of the mainland portion of the region. Pulp and paper mills are located at Prince Rupert and Kitimat, and major sawmills at Terrace, Kitwanga and Hazelton. Mining and forestry are the chief economic activities in the Stewart area. Prince Rupert and Terrace are the leading administrative and service centres for the region. Kitimat was established in the early 1950s to house Alcan's aluminium smelter complex, but its industrial base has since expanded to include forest products and petrochemical production. Tourism is providing opportunities in much of the region.

Table 3.22 North Coast and Nechako Development Regions Employment by Industry, 1998

	North Coast and Nechako	Share of British Columbia Industry Employment
	(thousands)	(per cent)
Agriculture.....	— ¹	— ¹
Forestry, fishing, mining, oil and gas.....	4.4	8.8
Utilities.....	— ¹	— ¹
Construction.....	2.7	2.2
Manufacturing.....	8.6	4.4
Total goods-producing sector.....	<u>16.5</u>	4.1
Trade.....	7.3	2.4
Transportation and warehousing.....	3.1	3.0
Finance, insurance, real estate and leasing.....	1.9	1.7
Professional, scientific and technical services.....	2.2	1.7
Management, administrative and other support.....	— ¹	— ¹
Educational services.....	2.5	2.1
Health care and social assistance.....	3.4	1.7
Information, culture and recreation.....	— ¹	— ¹
Accommodation and food services.....	4.5	3.0
Other services.....	2.2	2.4
Public administration.....	3.9	4.2
Total service-producing sector.....	<u>33.3</u>	2.3
Total regional employment.....	<u>49.8</u>	2.7

¹ Indicates industries with employment of less than 1,500 people. Totals may not add and percentages may not calculate.

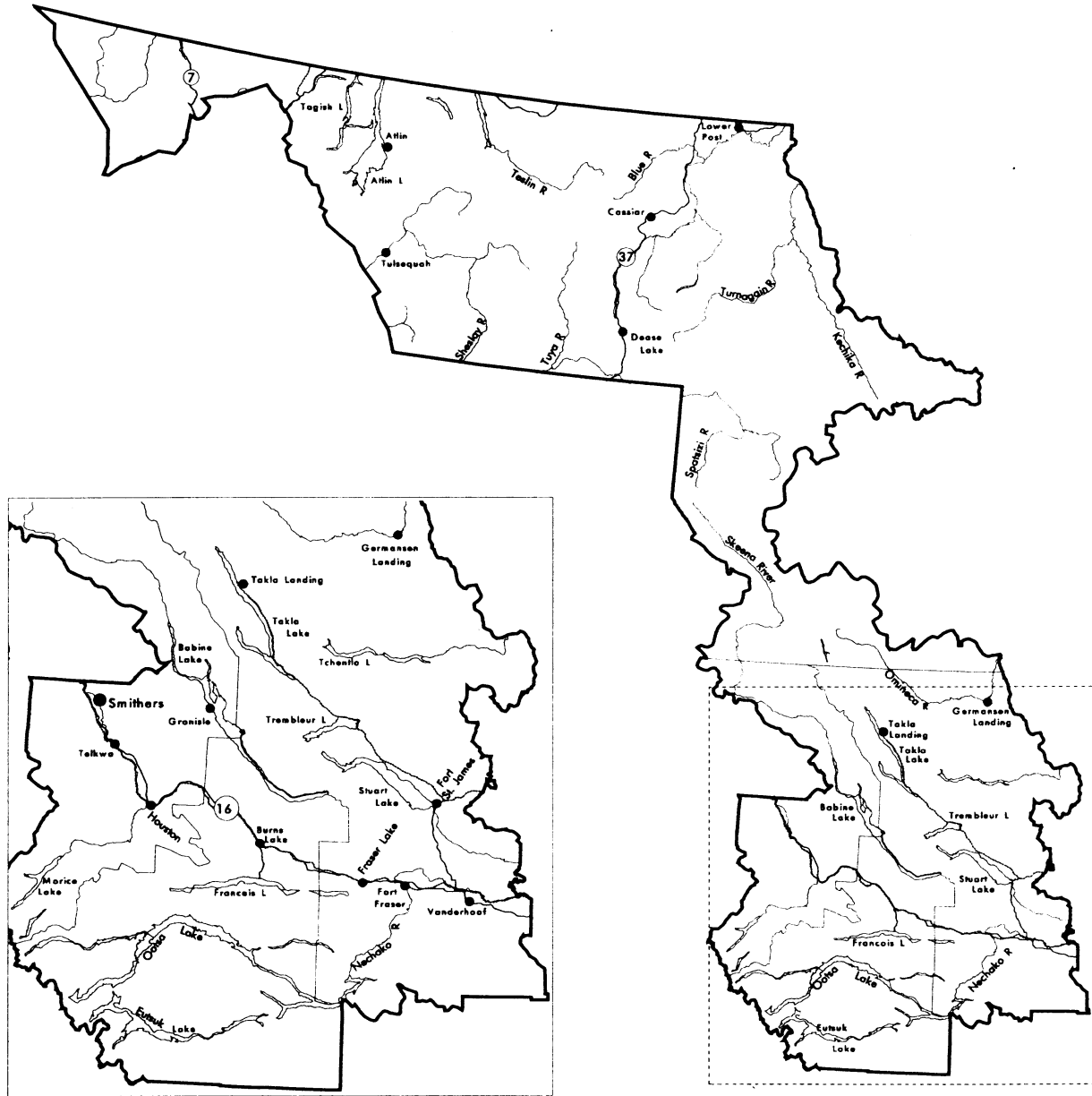
Source: Statistics Canada.

Nechako



The Nechako region is the second largest of the development regions, containing 21 per cent of the provincial land area, but only 1.2 per cent of the population. The bulk of the population lives in communities along the rail-highway corridor from Smithers to Vanderhoof and Fort St. James. The terrain is composed of a high, rolling or hilly plateau bounded by rugged mountains on the west and northeastern borders. There is little or no commercially-available forest cover in the northern half (timber resources have yet to be fully evaluated in terms of their economic potential), but commercial forests are extensive in the south where they support a large part of the local economy.

Forest-based industries are particularly important in the Smithers-Houston, Burns Lake and Vanderhoof areas. Mining is the primary economic activity in the northern part of the region, and has a substantial impact on the economy of much of the southern part of the region as well. Although some significant mine closures occurred in recent years, there is considerable mineral potential in the area. Widespread mineral exploration and development is currently centred primarily on precious metals, but large deposits of base metals and coal offer future potential. Currently, there are two major mines operating in the area — a molybdenum mine at Fraser Lake, and a copper mine, which opened in 1997, near Houston. Due to climate and terrain, intensive agricultural activity is limited to the Bulkley Valley near Smithers and an area surrounding Vanderhoof.



Northeast



The Northeast region is the largest of the province's regions. It represents 21.5 per cent of the land area of the province and 1.7 per cent of the population. Generally, the terrain is flat in the east, resembling the Interior Plains of North America, and mountainous in the west, resembling the rest of the province. Grain, forage crops and beef cattle traditionally provided the economic base of the triangle extending from Chetwynd to Dawson Creek and Fort St. John. Over the 1950s to 1970s period, the forest industry, oil, natural gas and hydroelectric power projects provided much of the region's economic growth. In the 1980s, growth was largely attributable to development of coal mines southwest of Dawson Creek in the vicinity of Tumbler Ridge. The oil and natural gas industry is again experiencing growth with a number of major construction projects either underway or proposed, and is one of the leading sources of employment in northeastern British Columbia.

Table 3.23 Northeast Development Region Summary, 1998

	Northeast	Provincial Share		Northeast	British Columbia
		(per cent)			(per cent)
Population	66,782	1.7	Employment rate	66.3	59.1
Employment.....	33,900	1.8	Unemployment rate	4.0	8.9
Business establishments ¹ ...	3,031	2.0	1997/98 population change....	1.0	1.2

¹ Excludes establishments without paid employees.

Source: BC STATS, Ministry of Finance and Corporate Relations; Statistics Canada.

Table 3.24 Northeast Development Region Population Estimates by Regional District

Regional District	At July 1			Average Annual Change (1998 over 1988) (per cent)
	1988	1997	1998	
Peace River.....	52,833	59,695	60,327	1.3
Northern Rockies.....	5,110	6,414	6,455	2.4
Total Northeast.....	<u>57,943</u>	<u>66,109</u>	<u>66,782</u>	1.4

Source: BC STATS, Ministry of Finance and Corporate Relations.

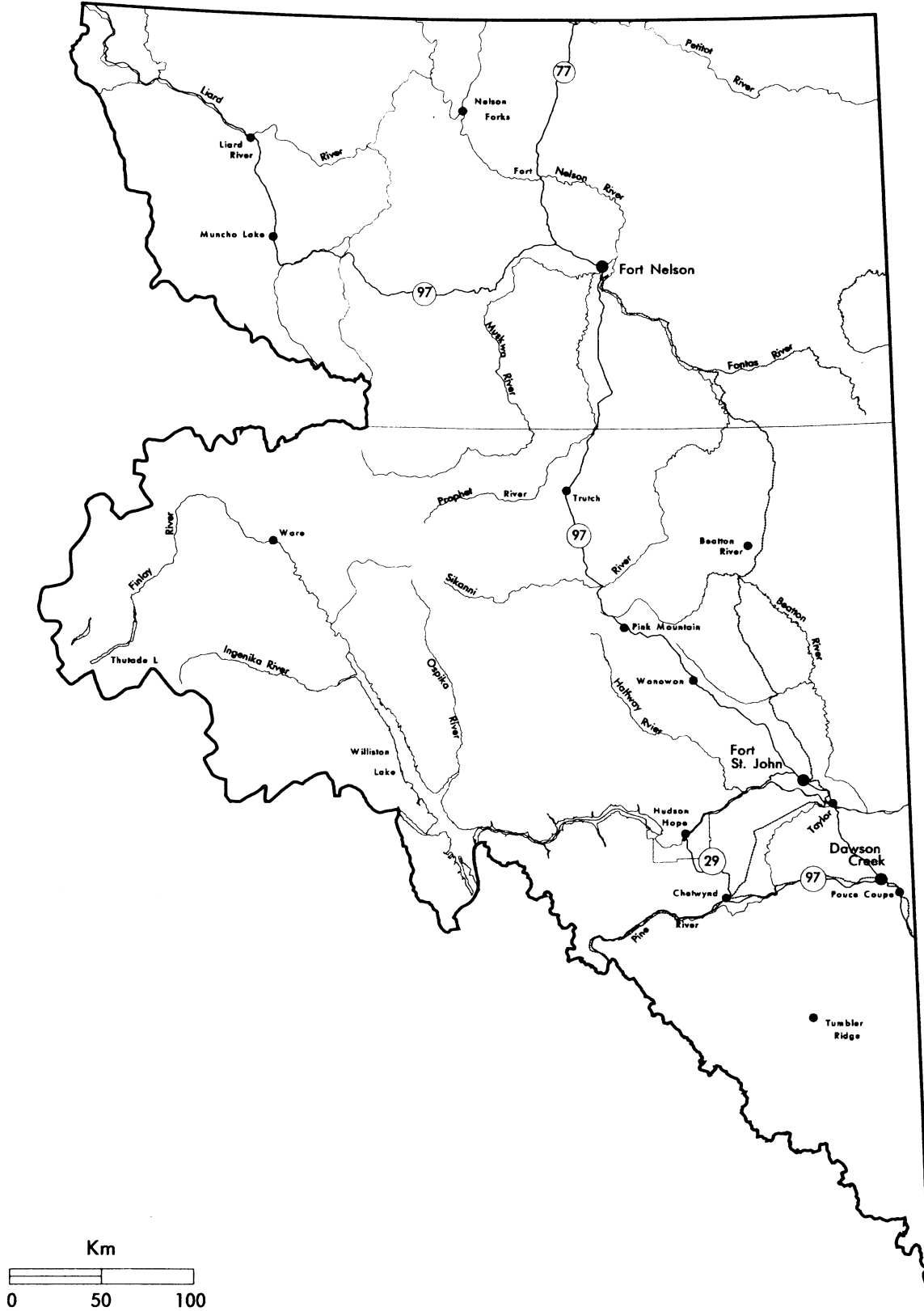


Table 3.25 Northeast Development Region Employment by Industry, 1998

	Northeast	Share of British Columbia Industry Employment
	(thousands)	(per cent)
Agriculture.....	— ¹	— ¹
Forestry, fishing, mining, oil and gas.....	5.1	10.2
Utilities.....	— ¹	— ¹
Construction.....	3.2	2.7
Manufacturing.....	2.6	1.3
Total goods-producing sector.....	<u>11.6</u>	2.9
Trade.....	4.6	1.5
Transportation and warehousing.....	2.7	2.6
Finance, insurance, real estate and leasing.....	— ¹	— ¹
Professional, scientific and technical services.....	— ¹	— ¹
Management, administrative and other support.....	— ¹	— ¹
Educational services.....	2.0	1.7
Health care and social assistance.....	3.1	1.5
Information, culture and recreation.....	— ¹	— ¹
Accommodation and food services.....	2.4	1.6
Other services.....	2.0	2.2
Public administration.....	1.6	1.7
Total service-producing sector.....	<u>22.3</u>	1.5
Total regional employment.....	<u>33.9</u>	1.8

¹ Indicates industries with employment of less than 1,500 people. Totals may not add and percentages may not calculate.

Source: Statistics Canada.



Regional Profile: The Okanagan

Introduction

Long famous for its apples, cherries and fruit orchards, and well known as British Columbia's "wine country," the fast-growing Okanagan region has diversified rapidly over the past decade. While agriculture and viniculture continue to play key roles, the regional economy now supports a wide range of newer industries led by tourism, retirement and manufacturing. Seasonal variations in employment are lessening due to economic diversification and technological change.

History and Geography

The Okanagan has been home for thousands of years to First Nations people, who gave the valley its name and play a continuing role in the regional economy today. A Mediterranean-type climate and semi-desert landscape make the Okanagan a geographically unique region of the province, and a key reason why many people want to relocate and retire here.

Up until the 1960s, the only road link between the Okanagan and Vancouver was through Washington state. Now, the region is served by a modern and efficient highway system, although old paddle-wheel steamers and antique tugs still carry tourists on Okanagan Lake for a taste of pioneer times.

Major improvements in road transportation were delivered in the 1980s and 1990s by the Coquihalla Highway and the Okanagan Connector, which provide direct access between Okanagan communities and the Lower Mainland.

Traditional Industries

Though forestry is important, the forest sector is not as dominant in the Okanagan as it is in other regions. Forestry-related value-added activity in the region includes log home production and a chopsticks factory.

The region, including the Thompson area, is second only to the Lower Mainland in terms of agricultural production. Climate, soils, topography and the availability of water for irrigation favor the growing of tree fruits, grapes, vegetables and specialized crops. Farms in the Okanagan represent about 38 per cent of all farms in British Columbia.

The New Economy

The Okanagan's resource-driven economy began to evolve with the introduction of light manufacturing industries. Today there are more than 260 manufacturing establishments employing about 7,700 people. Key products include transportation equipment, food and beverages. Western Star Trucks — North America's largest custom truck manufacturer — is expanding and building a new factory north of Kelowna, where it is expected to create 400 new jobs.

In the past decade, British Columbia's Okanagan Valley has emerged as one of North America's outstanding wine regions. After Ontario's Niagara Frontier, the Okanagan is Canada's second largest wine-producing region and wine connoisseurs compare its products favorably with those of Washington, Oregon and Idaho. More than 2 million litres of Vintners Quality Alliance (VQA) wines valued at \$32 million are now sold annually. Since 1991, VQA sales have grown nearly 30 per cent per year. The VQA seal guarantees only the very strictest of quality guidelines assuring that the Okanagan wines are made with the highest standards of excellence.

Tourism is a year-round industry featuring spring blossoms, warm summer lakes, the Okanagan Wine Festival in the fall and world-class ski resorts in the winter. Because of its wide range of year-round attractions and convenient location the Okanagan is British Columbia's third most popular tourist destination. Tourist information offices in the region report that inquiries have increased significantly over the last year, with a 28 per cent increase in Kelowna.



Eco-tourism attractions include canoe tours through winery country, and the mile-long boardwalk that takes visitors through rattlesnake and cactus country in the desert near Osoyoos.

The retirement sector is the main engine driving growth in residential and commercial real estate development and housing starts. The retirement boom and its demographic shift support a diverse service industry catering to seniors' needs. The Okanagan's climate, beauty, recreational opportunities, infrastructure and health services should continue to attract people with high disposable incomes.

Around the region, major projects in various stages of development include the \$18 million Grand Hotel casino-and-shops expansion, downtown Kelowna, and the nearby 6,000 seat Kelowna Arena. The Lake City Casino is tripling its floor space at a new location, which according to the company president, "will be like entering the ballroom of a Caribbean cruise ship."

Other major projects include the \$27-million Arrowleaf Resort and Casino (Penticton First Nations); Dolpins-Lagoons high-rise housing (Lake Okanagan Resort expansion); \$100 million Tower Ranch Golf Resort; \$20-million Kelowna International Airport expansion; and \$45-million Big White Ski Resort expansion.

The Okanagan's three largest cities — Penticton, Kelowna and Vernon — have established themselves as vibrant players in the provincial economy. The challenge is to stabilize and grow the economies of smaller communities as they emerge from dependence on a single resource industry.

The provincial government is supporting economic growth in the Okanagan through a number of initiatives and investments. In the fall of 1998 the Premier held a Summit on Jobs and Development for the Southern Interior. The province is now acting on recommendations by Okanagan residents on ways to achieve their region's economic goals. For example, changes to provincial liquor licensing now allow wineries more flexibility in serving food and beverages to the tourist market.

A tax credit supporting the expansion of the film industry outside the Lower Mainland is designed to bring more film and television productions to other regions. The Okanagan Film Commission is working to land major productions. Two films shot in the area — *Touched* and *Snow Falling on Cedars* — are scheduled for release in the fall of 1999, and should increase the region's profile.

In what may be a taste of the future, the mayor of near-by Grand Forks recently put his community on the map by announcing plans to make it the "medical marijuana capital of Canada." The Brown Bear Medicinals co-op of Grand Forks has already been accepted as an official bidder by the National Institute on Drug Addiction, the U.S. government body that supplies medical marijuana for research in that country.

Growth in the high-technology sector is helped by research and development funding. Several Okanagan companies have received provincial funding support to develop advanced technology products, including Total Care Technologies of Kelowna. Known as the "Silicon Vineyard", the Okanagan has the third largest high-technology sector in the province, behind Vancouver and Victoria. High-technology has been identified as a strategic growth area for the Okanagan and is expected to help continue to diversify and strengthen the region's economy.



Chapter Four

Industrial Structure and Performance



Film Crew, Fort Steele Heritage Town

Chapter 4 Industrial Structure and Performance

Introduction

Natural resource extraction and processing industries provided the foundation upon which British Columbia's economy was first built, and are still dominant in many rural areas and smaller urban centres of the province. However, in the larger urban centres, these industries have given way to an increasingly important service sector and fast-growing manufacturing industries.

A more liberal continental trading environment under the North America Free Trade Agreement encouraged the diversification of the British Columbia economy, as have the low Canadian exchange rate and a rapidly expanding domestic market and labour pool.

This diversification suggests that British Columbia's economy is maturing into a more broadly-based structure that is less vulnerable to changes in international markets for natural resource commodities. However, the process still has a long way to go before the economy can be considered fully diversified. Half of the province's goods production is still based on extraction or processing of agriculture, fishing, forestry or mining products. In comparison, just under one-third of Ontario's goods sector involves the extraction or processing of natural resources and nationally, natural resources and products derived from them account for about 40 per cent of value added in the goods sector.

Although lumber, pulp and coal are still the province's three main exports, the mix has diversified during the 1990s. In 1998, agriculture, fishing, forestry and mining products accounted for 77 per cent of international goods exports, down from 88 per cent in 1990.

British Columbia's Changing Industrial Structure

Although its manufacturing sector still relies heavily on resource-based products, the size of the service sector means that British Columbia can no longer be characterized as a resource economy. In 1998, an estimated 13 per cent of the province's gross domestic product (GDP)¹ resulted from the extraction and processing of natural resources, compared to 17 per cent of GDP in 1984.

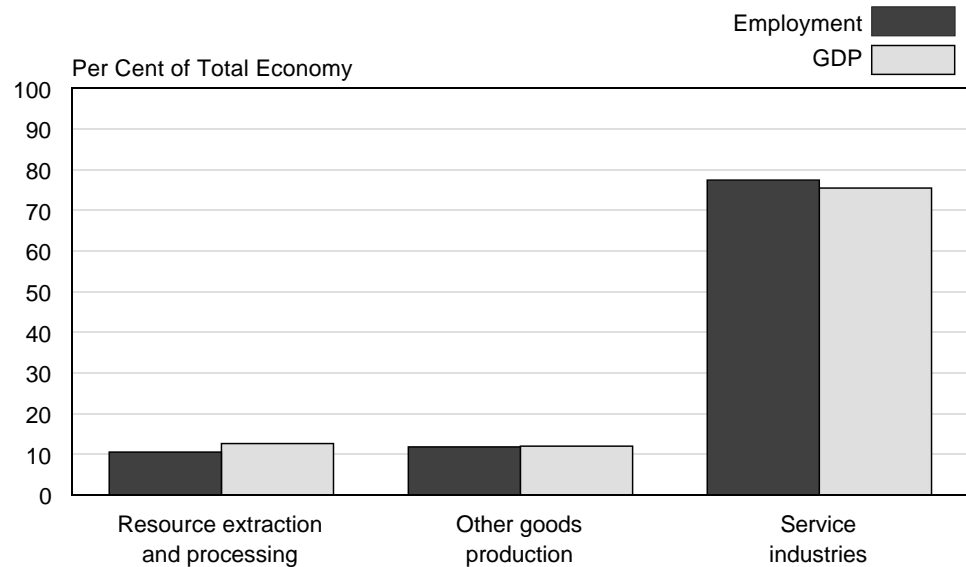
The decline in the relative size of the resource sector is the result of employment and GDP growth that have been below the average for all industries. Since 1984, the resource industries' share of total employment declined from 16 per cent to 11 per cent while the number of jobs in the economy as a whole increased nearly 50 per cent. Similarly, GDP growth in the resource industries has been well below the 47 per cent expansion seen in the British Columbia economy since 1984.

During the same period, other goods-producing industries have become more important to British Columbia's economy. These industries employed 11.6 per cent more people than the resource-based industries in 1998, and made almost the same

¹ At the time of writing, Statistics Canada has not yet released estimates of GDP by industry for 1998. The 1998 GDP figures discussed in this chapter are based on the Conference Board of Canada forecast. All GDP figures are expressed in constant (1992) dollars.

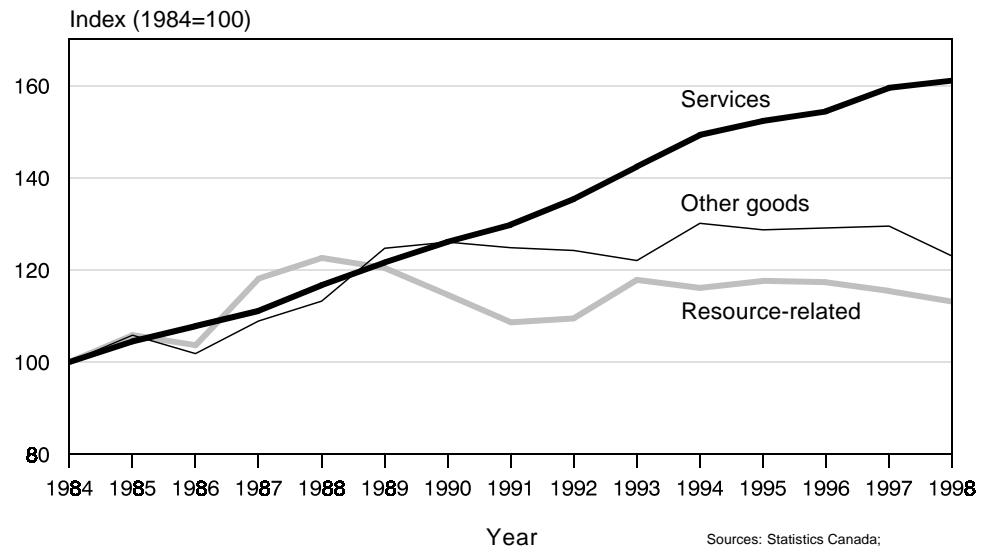
contribution (12 per cent compared to 13 per cent) to provincial GDP. Employment in these industries has increased by 67 per cent since 1984, outpacing even the fast-growing service sector. However, despite the employment gains, the GDP produced by these industries has not increased as much as in the service sector.

Chart 4.1 British Columbia Employment and GDP by Industry, 1998



Sources: Employment—Statistics Canada
GDP by Industry—Conference Board of Canada

Chart 4.2 Index of GDP Growth by Industry



Sources: Statistics Canada;
Conference Board of Canada

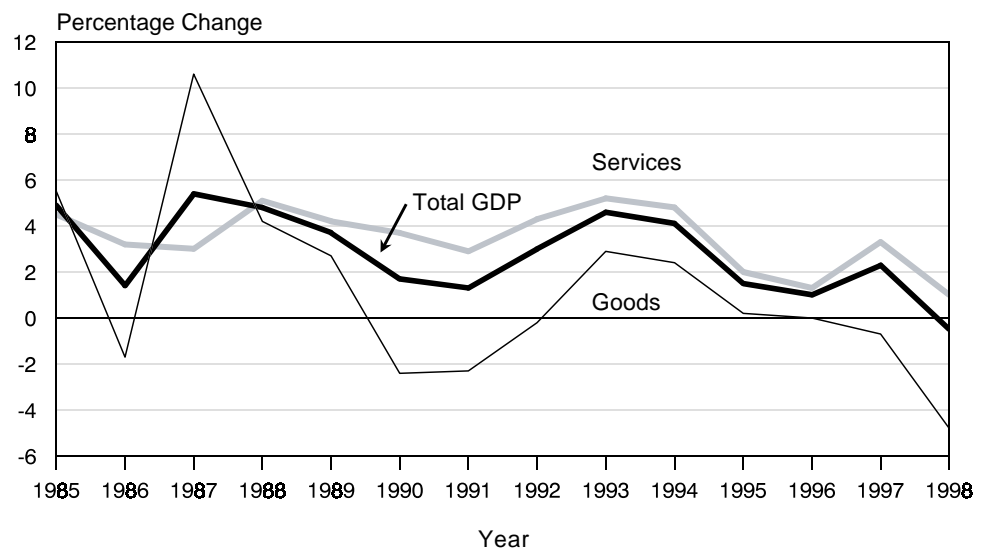
British Columbia's growing service sector accounted for an estimated three-quarters of the province's GDP in 1998. This compares to just over two-thirds in 1984 (the first year that data are available). British Columbia's service sector is the second largest in the country after Nova Scotia. Nationally, the service sector accounts for about 67 per cent of total GDP.

Service industries employ three out of every four workers in the province. Although wages in the service sector are lower than in the goods-producing industries, service sector workers brought home almost three-quarters of total wages and salaries in the province in 1998.

The Role of Services

Since 1984, the sector has expanded in every year and has been out-performing the goods-producing sector since 1988. It has bolstered British Columbia's economic performance at times when the goods-producing industries have been weak. During the last four years, the goods sector has seen little or no improvement in its GDP, while the service industries continued to expand their output. As the economy becomes increasingly orientated towards the service sector, it is likely that these industries will provide much of the impetus for growth in British Columbia.

Chart 4.3 Real GDP Growth by Industry



Sources: Statistics Canada; Ministry of Finance and Corporate Relations estimate for total GDP, 1998; Conference Board of Canada estimates for GDP by Industry, 1998

A growing population has contributed to the strength of British Columbia's service sector. Industries that are most likely to be affected by population growth include those providing education, health care and government services, as well as retailing, financial, real estate, personal and recreation services. These industries generated almost half of total estimated GDP in 1998.

However, population growth alone does not account for the expansion of the service sector during the last 14 years. Other contributing factors include:

- contracting out by firms of some services previously done in-house (such as engineering, legal services, computer services, accounting and personnel management);
- evolving consumer preferences and lifestyle changes, which have led to the development of new types of service industries in areas such as tourism, physical fitness and recreation. Rising labour force participation rates for women have created a need for services such as childcare or house cleaning;
- emerging new high-technology industries; and

- developments in the goods-producing sector. For example, transportation companies may be engaged to move forest and mineral products to foreign markets, and business services, such as customs brokerage, facilitate export flows. Similarly, construction activities may generate work for architects and engineering consulting firms, wholesalers, retailers and trucking firms.

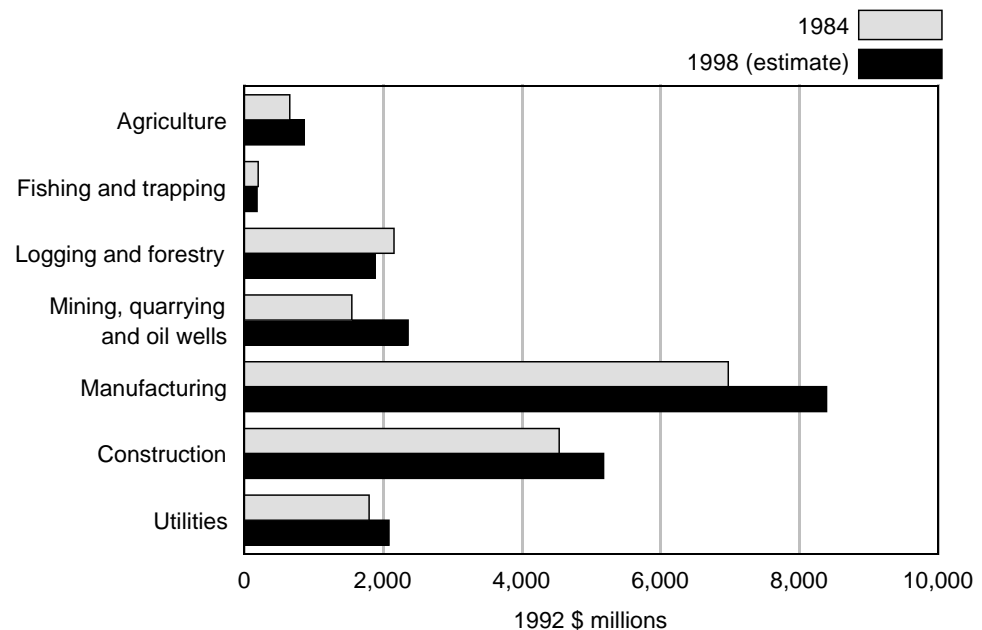
The next section examines trends in the “traditional” goods-producing industries. This is followed by a summary of trends in service-producing industries.

Goods-Producing Industries

There are seven main industry groups within the goods-producing sector: agriculture, fishing, forestry, mining, manufacturing, construction and utilities.

These industries together generated 25 per cent of British Columbia’s estimated GDP in 1998 and employed 23 per cent of the province’s 1.9 million workers. Within the goods sector, the largest industry is manufacturing, which accounts for almost half of the jobs and about 40 per cent of the sector’s GDP.

Chart 4.4 Goods-Producing Sector Real GDP by Component



Sources: Statistics Canada, 1984;
Conference Board of Canada
estimate, 1998

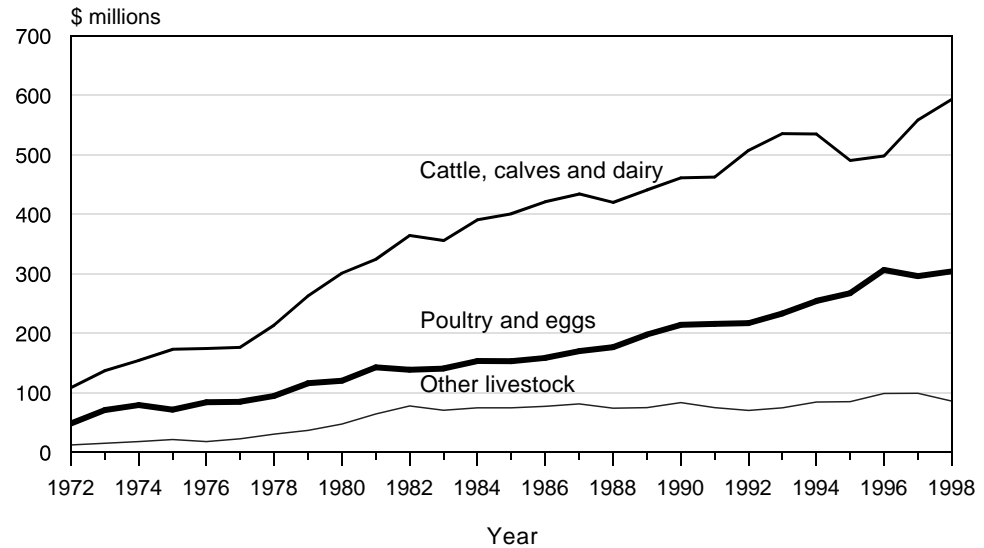
Agriculture

Agriculture is a relatively small industry in British Columbia, with 1.6 per cent of the province’s workforce employed at farms, greenhouses, nurseries and other agricultural operations, as well as in veterinary offices, hatcheries, grooming and other agriculture-related services during 1998. Forty-four per cent of these workers were self-employed, and most of them worked without any paid help.

About 3 per cent of British Columbia’s 95 million hectares of land and freshwater area is considered arable or potentially arable. According to the 1996 Census, farm holdings in the province average 116 hectares in size and cover 2.5 million hectares, of which 560,000 hectares are in crops and 1.41 million hectares are for pasture or grazing. In addition, an estimated 10 million hectares (8.5 million hectares of which are Crown land) are classified as open or forested grazing land used by the ranching industry. Of total land area, the Agricultural Land Reserve has set aside about 4.7 million hectares for agricultural and related purposes.

In 1998, farm cash receipts were up 3.9 per cent from 1997, the best performance among the provinces. Net cash income for 1998 is estimated at \$409 million, up 17 per cent from 1997, mainly due to higher market receipts for livestock. Realized net income is estimated at \$222 million, up 33 per cent from 1997.

Chart 4.5 Livestock Farm Cash Receipts



Livestock Producers

Farm cash receipts from livestock sales totalled \$984 million in 1998 (see Appendix A4.1). Livestock production is dominated by the dairy industry, which had receipts of \$336 million in 1998. Cattle production generated another \$257 million in earnings. Cattle ranching is carried out primarily on range lands of the southern and central Interior, the Peace River district and the Kootenays. Large dairy herds are concentrated in the Lower Mainland, southeastern Vancouver Island and Okanagan-Shuswap areas, with smaller concentrations near Creston, Smithers, Vanderhoof, Prince George, Dawson Creek and Fort St. John.

During the last 20 years, there has been a gradual decline in red meat consumption, while poultry and hog producers have made gains reflecting a shift in consumer preferences. Receipts by poultry and egg producers in the province totalled \$304 million in 1998, making the poultry industry second only to dairy farming among livestock producers. Hog and poultry production is concentrated near Greater Vancouver and Victoria, although most population centres support these activities. Wild game and exotic meat are also gaining popularity with consumers.

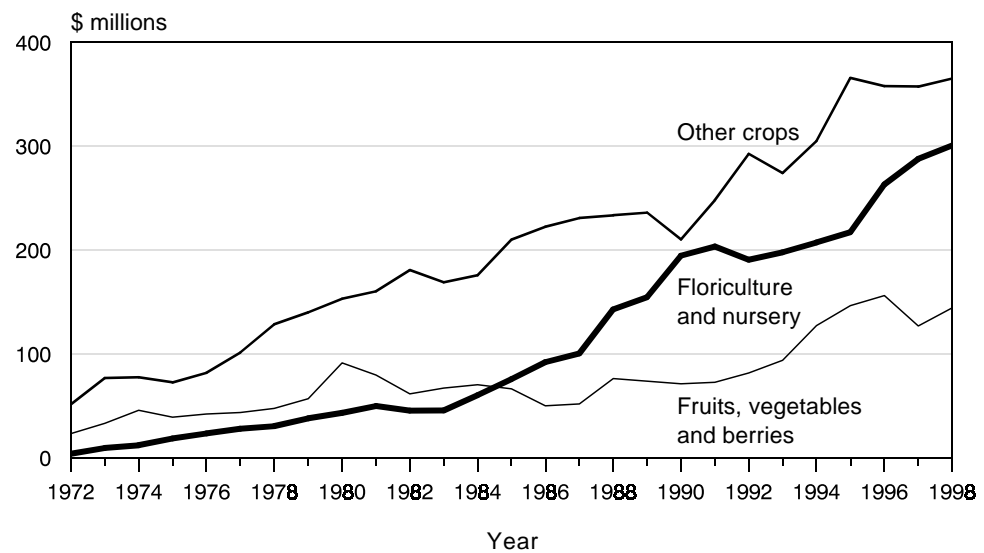
Crop Farming

Climatic conditions in the province make it possible for farmers to grow a wide variety of crops. Southern Interior valleys, principally the Okanagan, are well-suited for production of tree fruits and grapes. Cooler, wetter climate of the lower Fraser Valley and southern Vancouver Island favours production of berry crops and vegetables. Greenhouse crops, nursery products, mushrooms and other specialty products are also concentrated in the southwestern corner of the province. Most of the province's grain, oilseed and forage crops are grown in the Peace River District.

British Columbia's crop farming industry has seen some major changes since 1971. It is no longer dominated by tree fruits, whose share of total crop receipts declined to 8 per cent in 1998 from 24 per cent in 1971. The declining importance of tree fruits is

the result of a combination of factors: the value of tree fruit production has increased at a slower pace than most other crops, while at the same time, some types of crops have seen phenomenal growth. Floriculture and nursery producers, for example, have increased sales from \$3.5 million in 1971 to \$301 million in 1998. British Columbia is now the second-largest producer of floriculture and nursery products in the country, after Ontario, and accounts for about one-fifth of the total value of Canada's floral and nursery products. In addition, British Columbia farmers have expanded into the production of new crops such as ginseng (since 1991, the value of ginseng production has risen from \$2.2 million to an estimated \$22.3 million in 1998) and other so-called "nutraceuticals" — herbal medicines and remedies. Other products such as berries, grapes and greenhouse vegetables have also become more important sources of income for British Columbia farmers.

Chart 4.6 Crop Farm Cash Receipts



Fishing and Trapping

The fishing industry plays an important role in many of British Columbia's coastal communities. More than 80 species of finfish, shellfish and marine plants are grown, harvested and marketed. In 1998, this industry employed 4,000 people (including trappers) and generated an estimated 0.2 per cent of the province's GDP. The fishing industry includes commercial fishing in ocean or inland waters, aquaculture (farming of finfish, such as salmon, and shellfish, such as oysters), hatcheries, protection and related services.

In 1998, the total landed value of the seafood harvest was \$526 million, with finished, processed products generating an estimated wholesale value of \$877 million (see Appendix A4.2). The commercial fishing fleet was comprised of almost 4,000 active vessels, with the majority of the fleet, excluding packers and floating processors, operating outside the Lower Mainland.

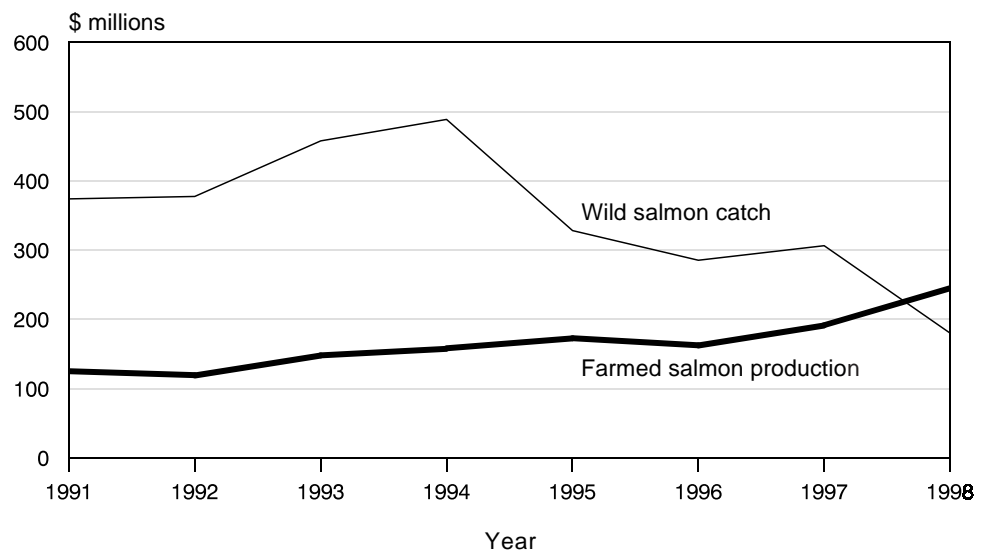
Salmon

Salmon, derived from both wild and farmed sources, is the most important species in the seafood industry, comprising 49 per cent of total industry wholesale value. The 1998 wild salmon harvest was 30,200 tonnes, the lowest harvest on record. This was

the fourth consecutive year that the wild salmon harvest has been well below the industry's long-term average. The landed value of the catch was estimated at \$53 million with a wholesale value of \$180 million.

As a result of the federal government's "Mifflin" plan, introduced in March 1996 to address concerns about dwindling salmon stocks and the long-term viability of the commercial fishery in British Columbia, measures were introduced to rationalize the salmon fishery. While these measures were aimed solely at fleet reduction, coho conservation measures introduced in 1998 and continued in 1999, represent a shift in management of Pacific coast salmon stocks from mixed to weak stock management. This means that catch levels are now set to conserve the most vulnerable salmon stocks rather than at a level that may result in the over-harvest of weak stocks. Implications of this change include the severe curtailment of fishing opportunities for both commercial and recreational sectors of the salmon fishery. Almost 1,600 commercial salmon licences were voluntarily retired and the fleet has been further reduced through licence stacking policies. This resulted in a reduction of about 40 per cent in the size of the commercial salmon fleet, which currently stands at about 2,600 licences. The buyback provided short-term relief of the pressure on weakened salmon stocks, but contributed to a decline in the industry's output and significant socio-economic impacts on coastal communities dependent on the salmon fishery. The provincial government responded through the establishment of Fisheries Renewal BC in an effort to assist coastal communities affected by these changes (see Chapters 6 and 7 for more information on provincial assistance programs and Fisheries Renewal BC, respectively).

Chart 4.7 British Columbia Salmon Production



Aquaculture

The province's growing aquaculture industry accounted for about 30 per cent of total wholesale value of seafood products in 1998, up from 14 per cent at the beginning of the decade. The wholesale value of farmed salmon in 1998 was \$245 million, about one-third higher than the wild salmon catch. Much of British Columbia's farmed salmon is produced for export to the U.S. and Japan.

Other species

Groundfish, shellfish, herring and halibut are also farmed or caught by British Columbia fishers. The herring harvest (almost 24,000 tonnes in 1998, down 5.2 per cent from the previous year) is almost exclusively destined for sale in Japanese markets, which imports more than 90 per cent of British Columbia's roe herring products. The halibut harvest was 5,300 tonnes in 1998, up 4 per cent from 1997.

Logging and Forestry

Of the 90 million hectares of Crown land in British Columbia, total productive forests cover 46.5 million hectares. Of this total, 22.8 million hectares is considered commercially-available for harvest. The remaining productive forest land base is either inaccessible, of lower quality, environmentally sensitive, or has been set aside for managing riparian areas or wildlife habitat.

In 1997/98, there were 28.4 million hectares of mature timber stands and 17.3 million hectares of immature timber in timber supply areas and tree farm licences. Another 3.4 million hectares of forest land were not stocked due to harvesting, wildfire or other reasons. (This excludes forests on private land, in parks or on federally-owned land).

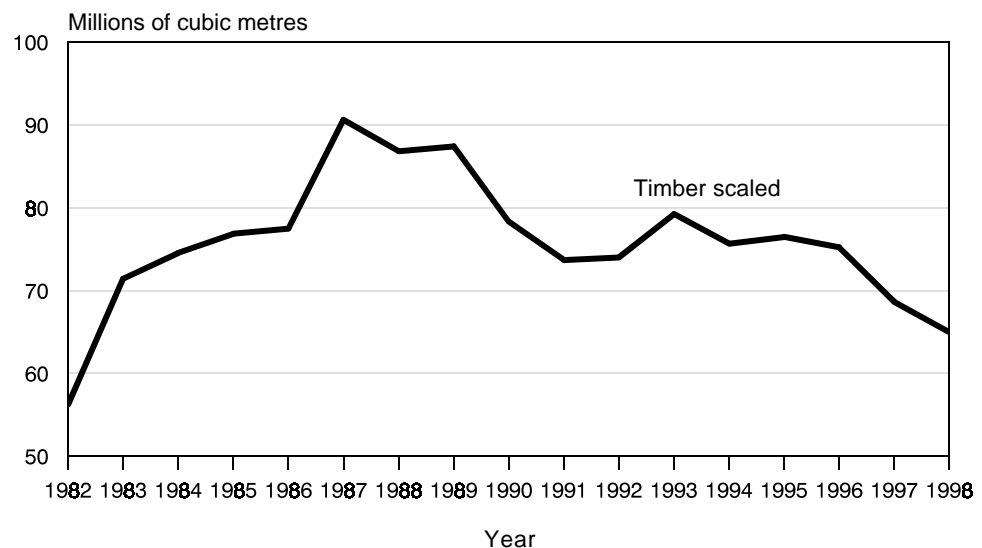
Coniferous forests make up about 96 per cent of forested land, giving British Columbia about half the national softwood inventory. Western hemlock is the predominant species in Coastal forests, while white spruce and lodgepole pine are the main species in the Interior.

The province's logging and forestry industry employed 27,000 people in 1998 or 1.4 per cent of the total workforce.

GDP in the logging and forestry industry declined during the last 15 years and the industry's share of total GDP has fallen from 3.7 per cent in 1984 to an estimated 2.2 per cent in 1998. The percentage of the workforce employed in the industry has also decreased from 2.2 per cent to 1.4 per cent during the same period.

British Columbia's timber harvest was 66 million cubic metres in 1998, 4 per cent less than in 1997 (see Appendices A4.3 and A4.4, and Chart 4.8). About 70 per cent of the harvest occurs in the Interior, with Coastal forests providing the remainder. Since 1997, harvesting levels have trended down in part due to the need to ensure sustainable levels over the longer term.

Chart 4.8 British Columbia Timber Harvest



Source: Ministry of Forests

The principal product of the logging and forestry industry is logs, most of which are processed in sawmills. While the paper and allied industry also consumes some logs, the most important source of fibre for the province's pulp mills is wood chips that are produced as a co-product of the sawmilling process.

The wood and paper industries, British Columbia's two largest manufacturing sectors, have recently faced challenges related to softer world demand and lower international prices for their products. This has had a negative impact on the performance of the industry. In addition, supply constraints are beginning to be felt. The easy access to timber enjoyed by the forest industry in the past is becoming less common, and the remaining stands of old-growth timber are generally found in more inaccessible areas. The annual allowable cut (AAC) or the allowable rate of harvest from a specified area of land was decreased and some potentially productive forest land has been set aside for other uses such as parks. Moreover, environmental concerns and other issues resulted in changes to logging practices that are more environmentally friendly, but often more costly.

The province's timber harvest takes place primarily in older forests that have accumulated high timber volumes by growing for long periods — in some cases, hundreds of years. Future harvests will be on sites that have been regenerated, and trees will likely be harvested at a younger age, yielding lower volumes per hectare.

*Management of the
Forest Resource*

Over 90 per cent of British Columbia's forest land is managed by the provincial government under the Forest Practices Code. The AAC is determined by the Timber Supply Review program. The first round of the review resulted in a 0.5 per cent decline in the AAC in 1996. Work is underway on the second round. By December 2001, new AACs will be determined for all timber supply areas and tree farm licences in the province.

Most Crown timber is harvested by licencees with tree farm licences. Crown timber is also sold to individuals and small firms under the Small Business Forest Enterprise program (SBFEP). Current registration with the SBFEP includes 2,300 independent firms and individuals, of which about 1,900 are loggers and 400 are timber processors. Program expenditures in 1998/99 were \$142 million, of which more than \$100 million was paid to contractors for constructing roads, reforesting land and otherwise assisting in the management of the forest resource (see Chapter 6 for more information on the SBFEP).

The provincial government is responsible for setting the price of Crown timber or stumpage rates and for collecting timber-related revenue. Excluding revenue of Forest Renewal BC, a Crown corporation, stumpage revenue totalled \$1.1 billion in 1998/99. Of this total, \$900 million was from timber sales and \$200 million from the SBFEP. An additional \$177 million was collected on behalf of Forest Renewal BC to support reinvestment in the forests and worker training and adjustment assistance. In 1998, the provincial government announced a reduction in provincial stumpage rates in order to alleviate the downturn in the forestry industry caused by the Asian economic crisis.

During the 1998 fire season, one of the worst in recent years, 2,663 wildfires burned 78,000 hectares of British Columbia forests. The provincial government spent \$194 million on its forest fire suppression program — \$40 million to prepare for the fire season and \$154 million to directly fight wildfires. In comparison, \$62 million was spent in 1997/98 to suppress 1,161 wildfires. Reforestation and silviculture efforts are ongoing, and in 1996, an all-time high of 258 million seedlings was planted on Crown land by private industries and government.

**Mining, Quarrying
and Oil Wells**

Most of British Columbia lies within the Western Cordillera, a geological formation known to contain a wide variety of valuable minerals. The province is a major producer of coal and natural gas, as well as metals such as gold, silver, lead, zinc, copper and molybdenum. Mineral production in the province has been boosted during the past three decades by technological advances in exploration and mining and the establishment of new domestic and foreign markets.

Primary mining activities in the province — the extraction of metals, non-metallic minerals, coal, oil and gas, as well as quarrying and services such as drilling and exploration — employed 16,000 people and generated an estimated 2.8 per cent of GDP in 1998. Total production in 1998 was valued at \$4.6 billion, 3.7 per cent less than in 1997.

Solid Minerals

The value of solid minerals — coal, metals and non-metallic minerals — produced in British Columbia declined 4 per cent to \$3 billion in 1998 (see Appendices A4.5, A4.6 and A4.7). This was due to an 8.6 per cent drop in the value of coal production and an overall 2.1 per cent reduction in the value of metals.

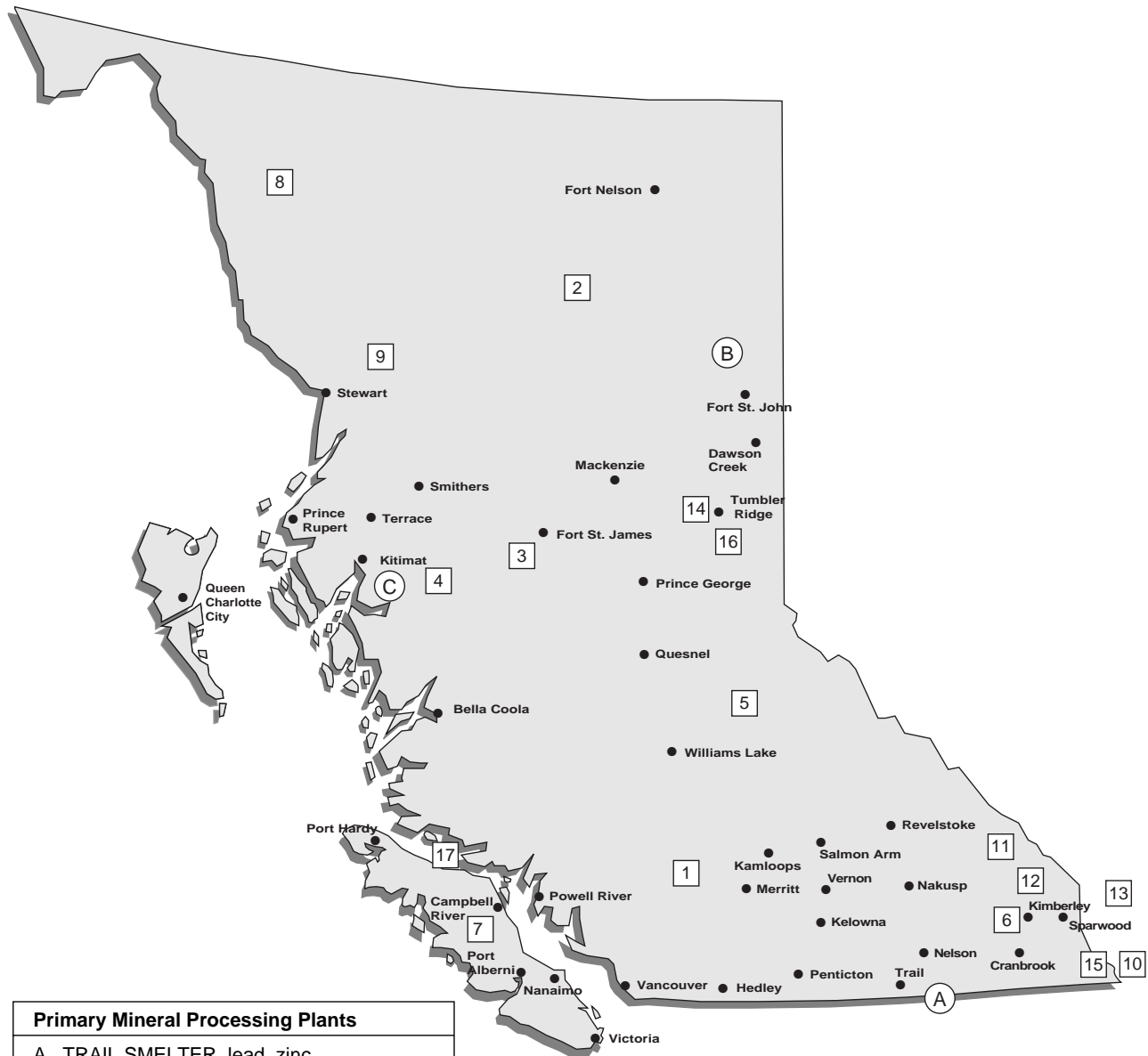
Coal sales accounted for about one-third of solid mineral production in 1998. Most of the coal produced in British Columbia is metallurgical coal, which is used to produce steel. Sales of thermal coal, which is used in power generation, totalled \$45 million in 1998. Almost all of British Columbia's coal production is destined for export, with Japan being the province's most important customer.

About one-third of Canada's total coal production (in tonnes) originated in British Columbia, but the province's share of the total value of Canadian coal sales during 1998 was 61 per cent, due to the higher price received by British Columbia coal producers.

Total value of all metals produced in British Columbia during 1998 was \$1.5 billion, 2.1 per cent less than the previous year. Two new mines, Kemess (copper/gold) and Blackdome (gold) opened in the summer of 1998, while two mines shut down — Quesnel River (gold) in May and Gibraltar (copper) in December. The Afton/Ajax copper mine ceased operations in May 1997. In May 1999, the provincial government and Highland Valley reached an agreement on power rates as part of the economic plan that would support operation of the mine. Highland Valley at Logan Lake is the largest base metal mine in Canada and employs about 1,000 people. Subject to court approval, Northgate Exploration Ltd. of Toronto and Trilon Financial Corporation successfully acquired the Kemess mine, formerly owned by Royal Oak Mines, in October 1999. Court approval is expected sometime in 2000.

Copper remained the most valuable metal, with \$681 million in mine shipments in 1998. Production of copper increased 25.9 per cent to 277,000 tonnes. However, the value of copper produced in the province was 2.2 per cent lower than in 1997 due to low prices. Lower prices and volumes also affected the value of zinc production, which fell 20.2 per cent to \$231 million. Gold production rose 17.7 per cent to \$304 million, as the volume of gold produced increased by almost one-quarter in 1998, mainly due to the opening of the Kemess and Blackdome mines. Silver production was up 17.5 per cent to \$119 million, while the value of lead, molybdenum and other metals decreased in 1998. Production of non-metallic minerals, including sulphur and construction aggregates such as lime, gypsum, cement and sand rose 2.1 per cent to \$454 million.

Map 4.1 Operating Mines (as of August 1999)

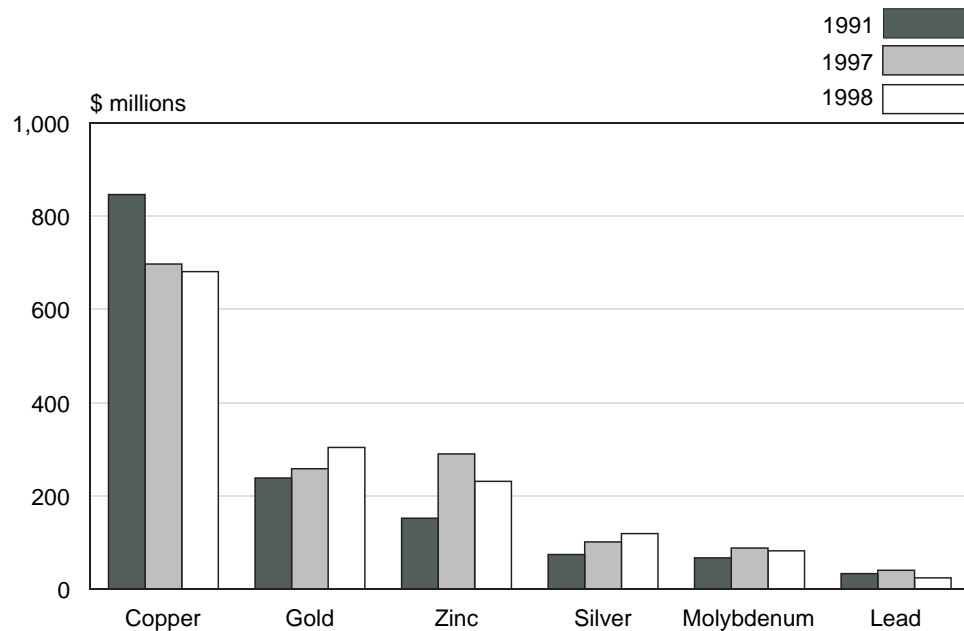


Primary Mineral Processing Plants

A TRAIL SMELTER, lead, zinc
 B CANADIAN OCCIDENTAL PETROLEUM, sulphur
 C ALCAN SMELTER, aluminum

OPERATING MINES			
Company Name (Mine Name)	Location	Capacity (tonnes/day)	Products
1 Highland Valley Copper (Highland Valley Copper)	Highland Valley	120,000	Copper, molybdenum, silver, gold
2 Royal Oak Mines (Kemess South)	Thutude Lake	50,000	Copper, Gold
3 Thompson Creek Mining Co. (Endako)	Fraser Lake	30,000	Molybdenum
4 Princeton Mining Corp. (Huckleberry)	Kemano	18,000	Copper, molybdenum, gold, silver
5 Imperial Metal Corp. (Mount Polley)	Likely	18,000	Copper, gold
6 Cominco Ltd. (Sullivan)	Kimberley	6,900	Zinc, lead, silver
7 Westmin Resources Ltd. (Myra Falls)	Buttle Lake	3,500	Copper, zinc, gold, silver
8 Wheaton River Resources Ltd. (Golden Bear)	NW B.C.	1,000	Gold
9 Prime Resources Group Ltd. (Eskay Creek)	Stewart	300	Gold, silver
10 Fording Coal Ltd. (Coal Mountain Operations)	Sparwood	n/a	Coal
11 Fording Coal Ltd. (Fording River Operations)	Elkford	n/a	Coal
12 Fording Coal Ltd. (Greenhills Operations)	Elkford	n/a	Coal
13 Manalta Coal Ltd. (Line Creek)	Sparwood	n/a	Coal
14 Teck Corp. (Bullmoose)	Tumbler Ridge	n/a	Coal
15 Teck Corp. (Elkview)	Sparwood	n/a	Coal
16 Teck Corp. (Quintette)	Tumbler Ridge	n/a	Coal
17 Hillsborough Resources Ltd. (Quinsam)	Campbell River	n/a	Coal

Note: The Quesnel River gold-silver mine and the Gibraltar copper-molybdenum-silver mine shut down in May and December, 1998, respectively. Blackdome gold mine reopened in June 1998. Kemess South copper-gold mine opened in June 1998.

Chart 4.9 Value of Metal Production

Source: Ministry of Energy and Mines

Petroleum and Natural Gas

British Columbia's northeast region is the only area of the province where oil and gas is produced. This region has been the focus of exploration and development since 1952.

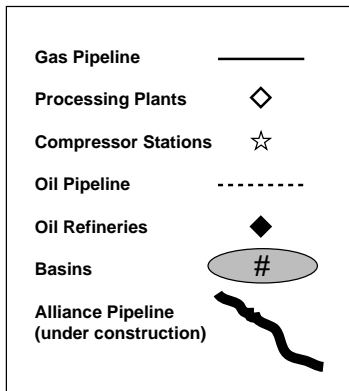
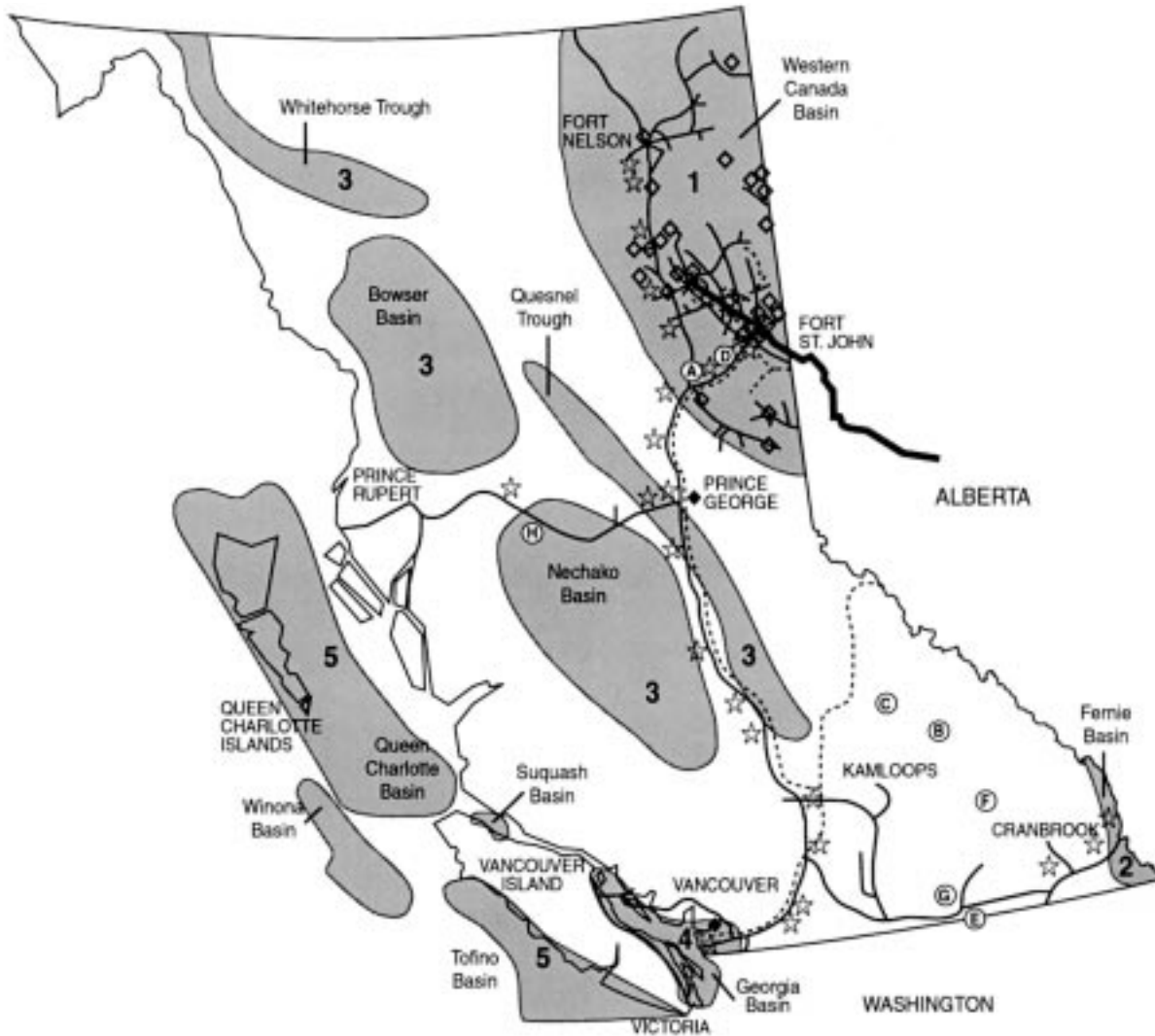
About 18,000 kilometres of gas gathering and transmission lines are now in use in the province. The main transmission pipeline from the northeast to Vancouver was completed in 1957 and gas began to flow southward for both domestic consumption and export. Since then the province's pipeline system was extended north to the Fort Nelson area. Distribution pipelines now serve customers in most parts of the province, including Vancouver Island customers via the Vancouver Island pipeline, which began delivering natural gas in the fall of 1991.

Natural gas is processed at 24 plants, many of which recover sulphur and natural gas liquid by-products. Two new gas plants were approved in 1998 in the West Stoddart and North Ring fields. The three major gas processing plants are located at Taylor, Fort Nelson and Pine River.

Three main pipeline systems transport crude oil and natural gas liquids to facilities in Taylor. Four other lines deliver oil and liquids from the Brassey, Ring/Border, Kahntah and Desan fields to Alberta systems. Although some of the province's oil is processed in a refinery in Prince George, most is transported by pipeline to Kamloops and then to Vancouver and Washington area refineries via the Trans Mountain Pipeline. There are about 7,000 kilometres of oil gathering and transmission lines in the province. There are currently three major pipeline projects proposed or under construction:

- the Alliance pipeline, currently under construction and expected to be completed in late 2000, will carry natural gas from Fort St. John to Chicago;
- TransCanada Pipeline has proposed a \$70-million pipeline from Taylor to the Novagas Transmission pipeline in Alberta, to be under construction in 2000; and
- the proposed B.C. Gas Southern Cross pipeline from Yahk to Oliver, projected to cost \$350 million.

Map 4.2 Provincial Pipeline Network and Major Hydroelectric Dams



DAMS	RIVERS	LAKES/ RESERVOIRS	YEAR OF INITIAL OPERATING	OPERATION CAPACITY (KW)
A W.A.C. Bennett	Peace	Williston	1968	2,730,000
B Revelstoke	Columbia	Revelstoke	1984	1,843,000
C Mica	Columbia	Kinbasket	1976	1,736,000
D Peace Canyon	Peace	Dinosaur	1980	700,000
E Seven Mile	Pend d'Oreille	Seven Mile	1979	594,000
F Duncan	Kootenay	Duncan	1967	Storage Dam
G Hugh Keenleyside	Columbia	Arrow	1968	Storage Dam
H Kenney (Alcan)	Nechako	Nechako	1952	Storage Dam

In 1998, the value of natural gas production rose 5.4 per cent to \$1.1 billion, following increases of 31.6 per cent in 1997 and 15.4 per cent in 1996. Both volumes and prices of natural gas were higher. British Columbia producers of crude oil did not fare as well. Due to sharply lower prices, the value of crude oil production dropped 23.8 per cent to \$378 million, despite a 7.1 per cent increase in volume.

In June 1998, a series of regulatory changes were introduced by the provincial government including a new Oil and Gas Commission and royalty rate reductions of up to 40 per cent. In exchange, the industry committed to doubling production and investing \$25 billion in the province over the next 10 years (see Chapter 6 for further information on the oil and natural gas initiatives introduced by the provincial government).

Mineral Exploration

Mineral exploration activity decreased in 1998. Preliminary estimates from federal/provincial surveys indicate that \$49 million was invested in exploration programs during 1998, down from \$96 million in 1997. Total mineral claimstaking activity also fell in 1998. There were 19,000 claims recorded, down from 29,000 in the previous year.

Petroleum and natural gas exploration increased in 1998, with 652 wells drilled, up from 583 in the previous year. Exploration continued to concentrate on potential sources of natural gas due to expected long-term increases in demand.

In April 1998, initiatives were introduced to strengthen and foster British Columbia's mining industry including:

- the *Mining Rights Amendment Act*, which recognizes the right to mine, and assures access to mineral tenures, right to compensation when tenures are expropriated for parks and timely permitting;
- the Mineral Exploration Code, which creates a one-agency approach for permit approvals and applies environmental protection standards designed specifically for exploration;
- the appointment of a mining advocate to help foster a positive climate for mining investment in British Columbia; and
- the introduction of a refundable mineral exploration tax credit allowing companies and individual prospectors to claim 20 per cent of eligible expenses.

Manufacturing

One-tenth of British Columbia's GDP originates in the manufacturing sector, which employs 11 per cent of its workforce. Since 1984, the manufacturing sector has expanded by one-fifth and employment has increased more than 30 per cent.

Manufacturing continues to be largely resource-based with a major emphasis on forest products and food. These industries alone account for nearly half of the sector's total GDP and employ a similar share of its workforce.

Other important industries within the manufacturing sector include metal fabricating, printing and publishing, and machinery and equipment. These industries together account for about one-fifth of manufacturing GDP. This sector also includes aerospace and consumer-oriented industries, such as furniture, fixtures, plastics and clothing.

Forest Products

Generally lower product prices and declining shipments made 1998 a challenging year for British Columbia's forest products industry, which incurred net operating losses of \$336 million, compared to a loss of \$192 million in 1997. The 1998 losses also reflected asset write-downs and restructuring charges. Wood shipments fell 10.9 per cent, while paper producers saw little change in the value of their shipments during 1998.

Results by major products were mixed. Lumber, British Columbia's most important export product, reported a net loss of \$58 million in 1998, its first net loss since 1991. Although North American demand for lumber remained strong in 1998 with U.S. housing starts up 10 per cent, the price of bellwether spruce-pine-fir 2x4s fell nearly 20 per cent to U.S.\$286 per thousand board feet from U.S.\$353 in 1997. Increased shipments by producers in eastern Canada, the southeast U.S. and the U.S. Pacific Northwest were the main reason for the lower prices in 1998.

Coastal lumber producers were particularly hard hit, as demand in Japan, the primary market for coastal producers, remained depressed. Low demand dampened provincial exports to Japan and reduced the 1998 price of hemlock baby squares — a key coastal lumber product — to U.S.\$555 per thousand board feet from U.S.\$822 in 1997. In addition, the Canada/U.S. Softwood Lumber Agreement, in its third year in 1998, restricted the ability of coastal producers to divert lumber shipments to the U.S. market.

In the paper industry, market pulp reported a net loss of \$373 million in 1998, compared to a net loss of \$284 million in 1997. Market pulp reported net losses in seven of the past eight years reflecting global over capacity. The average price of northern bleached softwood kraft pulp in 1998 was U.S.\$516 per tonne, down from U.S.\$567 per tonne in 1997. Market pulp production fell 1.8 per cent to 4.5 million tonnes in 1998.

Newsprint reported net income of \$46 million in 1998 compared to a net loss of \$65 million in 1997. The major market for British Columbia newsprint is the west coast of the U.S. where the 1998 average price of standard newsprint was U.S.\$595 per tonne, up from U.S.\$559 per tonne in 1997. Newsprint, paper and paperboard production rose 7 per cent to 2.8 million tonnes in 1998.

Forest product manufacturers in the province have historically concentrated most of their efforts on semi-processed lumber and wood pulp. A growing emphasis on higher value-added products such as specialty papers, siding, furniture components, door and window stock and other end-use products for export may help put these industries on track for growth in the future. More than one-quarter of pulp and paper exports in 1998 were finished paper (excluding newsprint) and paper products. This compares to 10 per cent in 1990. Similarly, solid wood exports included 11 per cent value-added wood products, compared to 6 per cent in 1990.

In response to the downturn experienced by the forest products industry during 1998, the provincial government has introduced measures to assist the industry. These measures included:

- significantly reducing “red tape” through changes to the Forest Practices Code;
- reducing stumpage rates;
- assisting the value-added sector with a number of initiatives; and
- introduction of the Forest Action Plan, which encourages cost savings through forest company operating efficiencies.

Food

British Columbia's food processing industry is the third largest industry in the manufacturing sector. About one in eight persons employed in the manufacturing sector works in the food and beverage industry. Since 1987, production in the food industry has grown steadily with shipments increasing 34 per cent and 56 per cent in the beverage industry. About one-half of the GDP of this industry originates in meat and fish processing. Food manufacturers also use locally-produced agricultural

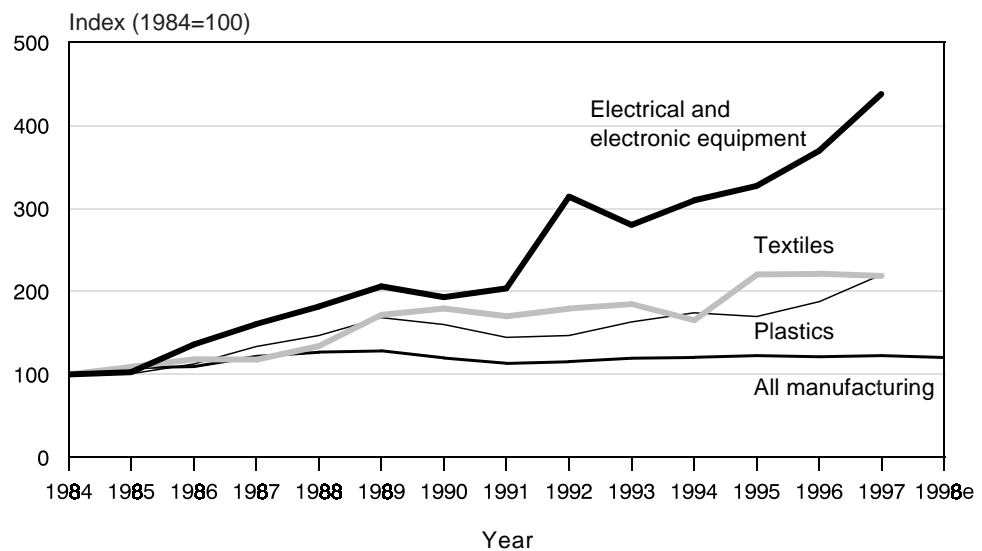
products to manufacture canned and frozen fruits and vegetables. The food processing industry is largely concentrated in the Lower Mainland, Okanagan Valley and southern Vancouver Island. The province's 190 seafood processing plants are located in the Lower Mainland, Vancouver Island and Prince Rupert areas.

Emerging Industries

Despite limited growth in its three largest industries, the manufacturing sector has been diversifying away from resource-based products toward a wider range of value-added goods. The electrical and electronic equipment manufacturing industry has made the most notable gain. In 1984, the industry was relatively small, employing about 5,000 workers and accounting for just over 1 per cent of the sector's GDP. By 1997 (the latest year for which detailed GDP estimates are available), it was the eighth largest manufacturing industry in British Columbia, generating 5 per cent of the sector's total GDP. The electronics group is particularly noted for its achievements in wireless communications, remote sensing and computer technology.

The plastics industry is another emerging industry that has more than doubled its GDP since 1984. Other industries that have posted gains of at least 50 per cent include the textile products, rubber, machinery and equipment, and clothing industries.

Chart 4.10 Index of Emerging Industries GDP by Component



Sources: Statistics Canada;
Conference Board of Canada
estimate, 1998

Many of the new products in British Columbia's more diversified export mix are in the machinery and equipment category. In 1998, machinery and equipment exports reached \$3.2 billion or 12 per cent of total exports. High-technology commodities are also a small but important part of the province's export mix with a value of \$766 million in 1998 or 2.9 per cent of total exports, of which 80 per cent was destined for the U.S.

The location of resources, population centres and transportation facilities determines the regional distribution of manufacturing activity within British Columbia. The Greater Vancouver area has developed into the province's major manufacturing centre, followed by Vancouver Island. The Prince Rupert-Kitimat area is involved in forest products, fish processing, aluminium refining, and methanol and ammonia production. Wood products, food and beverage processing, trucks, manufactured homes and

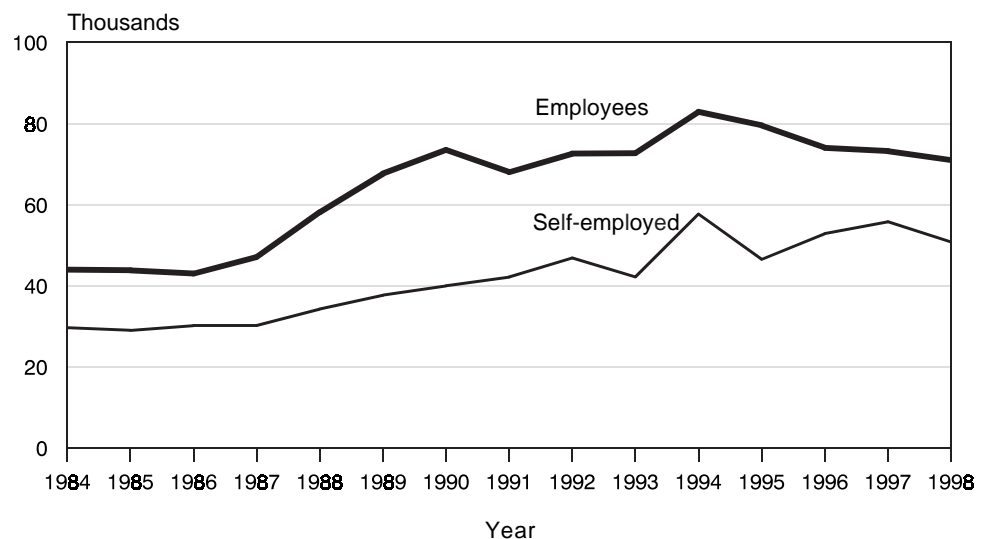
recreational vehicles are the principal manufacturing industries in the Okanagan. Trail, in the Kootenay region, is the location of a major lead-zinc smelter and a fertilizer plant. The rest of the province is largely dominated by the manufacturing of forest products (see Chapter 3 for more information on regional economies).

Construction

British Columbia's construction industry ranges from the building of single-family dwellings and apartment towers, commercial buildings and institutions, to the construction of roads, highways, dams and other industrial structures. It includes building, developing and general contracting industries, industrial and heavy construction, and the trade contracting industries, such as electrical, drywalling, painting and masonry work. In 1998, 6.5 per cent of the workforce was employed in this industry and generated an estimated 6 per cent of the province's GDP.

Both employment and GDP have increased substantially since 1984, as an influx of people put pressure on the supply of housing in the province. This provided a boost to the residential construction industry, which more than doubled its GDP since 1984. However, the recent slowdown in population growth has moderated the demand for housing and led to a decline in the residential construction industry since 1995 (see Appendix A4.11).

Chart 4.11 Construction Employment



Source: Statistics Canada

In 1998, 42 per cent of workers in this industry were self-employed and more than one-half of these worked without any paid help.

Utilities

The utilities industry includes electric power and gas distribution establishments, as well as water systems and other utilities such as waste disposal. These industries employed 16,000 people in 1998 and generated an estimated 2.4 per cent of GDP. Electric power generation accounts for about 80 per cent of the industry's GDP, with another 11 per cent coming from natural gas distribution.

The industry is very capital intensive. Output of electric power, for example, is more dependent on high cost structures and equipment (such as dams and transmission lines) and less dependent on labour as an input into production than other industries.

Natural gas, oil and electricity transmission and distribution lines in British Columbia are regulated by the British Columbia Utilities Commission, or the National Energy

Board of Canada if they cross provincial or international borders. There are over 17,000 kilometres of pipeline for gathering and transmitting natural gas, more than 40,000 kilometres of distribution lines in British Columbia and about 6,300 kilometres of pipelines for gathering and transmitting oil.

Investor-owned gas utilities include: BC Gas, Centra Gas and Pacific Northern Gas. In addition, Westcoast Energy is the main pipeline company transmitting bulk central gas supplies to various distribution companies. The National Energy Board regulates Westcoast.

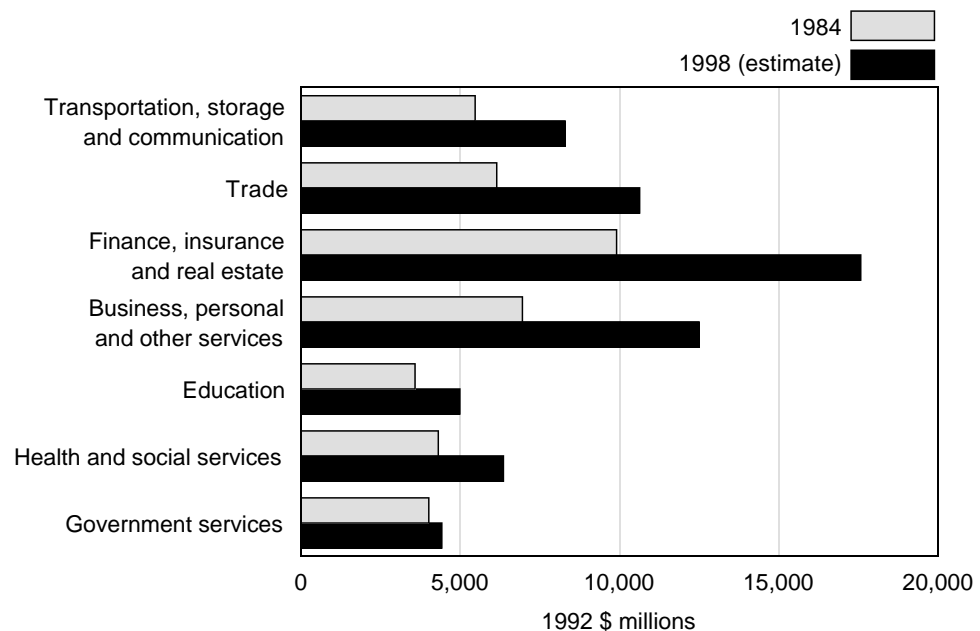
British Columbia's electricity transmission system consists primarily of the British Columbia Hydro and Power Authority (BC Hydro) Integrated System and the West Kootenay Power System. In addition, several municipalities own and maintain their own transmission and distribution systems. The BC Hydro and West Kootenay systems have a total of 18,378 kilometres of high-voltage transmission lines, and 57,372 kilometres of lower voltage lines.

Electric power utilities in the province generated 66,753 gigawatt hours (GWh) of electricity in 1998, up slightly from the previous year (see Appendix A4.12). The bulk of this power comes from both hydroelectric and thermal sources. Although British Columbia imports a small amount of power from other provinces, it is a net exporter of electric power. Since 1995, power exports increased from 3,972 GWh to 10,619 GWh in 1998.

Service-Producing Industries

Three-quarters of British Columbia's GDP originates in the service sector, which employs a similar share of the workforce. There are seven main industry groups: transportation, storage and communication; trade; finance, insurance and real estate; business, personal and other services; health and social services; education; and government services.

Chart 4.12 Service Sector Real GDP by Component

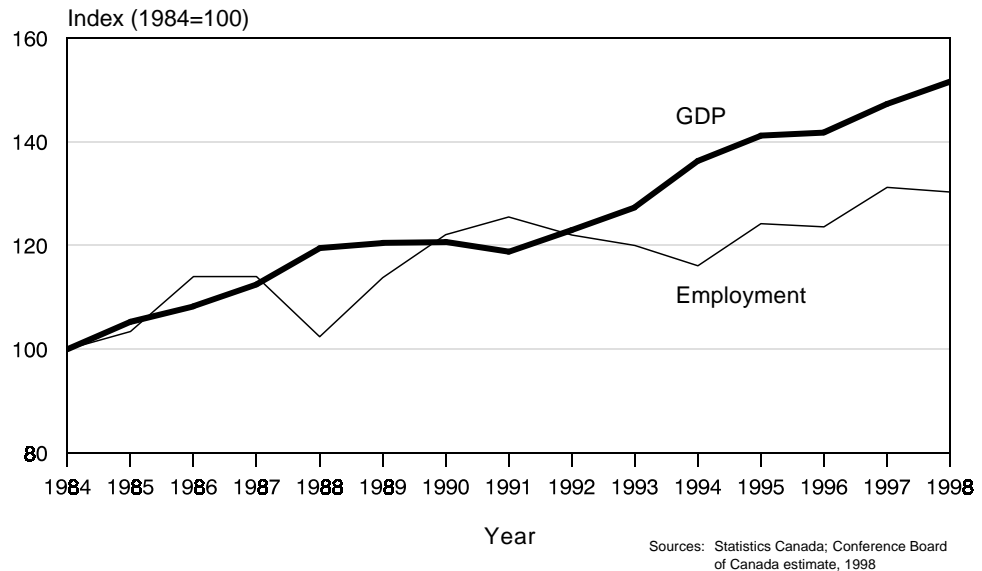


Sources: Statistics Canada; Conference Board of Canada estimate, 1998

Transportation,
Storage and
Communication

British Columbia's transportation infrastructure provides a vital link for businesses shipping their goods and receiving supplies both within and outside the province. It also supports the movement of goods to and from other parts of Canada, including goods exported or imported through British Columbia's port system.

Chart 4.13 Index of GDP and Employment for Transportation, Storage and Communication



The province's network of highways — 48,203 lane-kilometres of paved provincial highways, 39,950 lane-kilometres of unpaved highways and 2,691 bridges — provide all-weather access to most parts of British Columbia, allowing for efficient movement of goods and opening the province up to residents and tourists. British Columbians and tourists make considerable use of the highway system. Coquihalla highway statistics indicate that 2.7 million vehicles travelled on that route in 1998, over 85 per cent of which were passenger vehicles.

The transportation, storage and communication industry employed 133,000 people in 1998 — just over 7 per cent of the workforce. Transportation industries — air, rail, water, truck, bus and other transportation services — account for 65 per cent of the employment in this sector and about 60 per cent of the GDP generated by this sector. Truck and rail transportation are the largest of the transportation industries. Both of these industries grew significantly since 1984. However, water and public passenger transportation systems have decreased in size since 1984.

*Truck
Transportation*

Truck transportation, the largest industry within this group, has expanded 78 per cent since 1984, outperforming all other components of the transportation industry. About one-fifth of workers in the transportation, storage and communication sector are employed by the trucking industry, which has seen a 50 per cent increase in its workforce since 1984. The rapid growth of this sector is part of a nation-wide trend, which has seen GDP in the Canadian trucking industry increase significantly since the early 1980s.

Rail Transportation The province's location as Canada's Pacific gateway has benefited both the trucking and rail transportation industries, as most of the goods being trans-shipped through the province, to or from the rest of Canada, are carried on trucks or by train. Prince Rupert and the Port of Vancouver are common destinations for prairie grains, as well as coal and other minerals produced in British Columbia and other provinces. Statistics Canada estimates that transportation services account for about 9 per cent of the value of British Columbia's exports to the rest of Canada.

The province has about 6,800 kilometres of mainline track operated by various rail companies, which have extensive freight hauling operations. Coal from southeastern British Columbia is transported by rail to a deep-sea, bulk-loading facility at Roberts Bank. British Columbia Railway Company (BC Rail), a provincial Crown corporation, carries commodities such as forest products, coal, minerals and metal concentrates to domestic, trans-border and overseas connecting points. The railway also provides intermodal services, operating a fleet of piggyback equipment, road vehicles, warehouses and reload facilities. CP and CN Rail are the two east-west national system carriers from eastern Canada to British Columbia's west coast export gateways of Vancouver and Prince Rupert. In 1998, CP Rail sold its operation of the Vancouver Island line to RailAmerica Inc., and sold its marine rail-truck barge operations to the Southern Railway of British Columbia.

Amtrak, BC Rail, Rocky Mountain Railtours and VIA Rail provide scheduled passenger service within the province. Amtrak operates a daily service from Vancouver to Seattle. Rocky Mountain Railtours is a seasonal passenger service that caters to tourists, running during daylight hours between Vancouver and Banff/Calgary or Jasper, with an overnight stop in Kamloops. VIA rail also operates three lines in British Columbia: from Vancouver via Jasper to Edmonton and points east; from Jasper to Prince Rupert via Prince George; and between Victoria and Courtenay on Vancouver Island. BC Rail also operates a scheduled passenger service, which runs between North Vancouver and Prince George, as well as seasonal tourist packages.

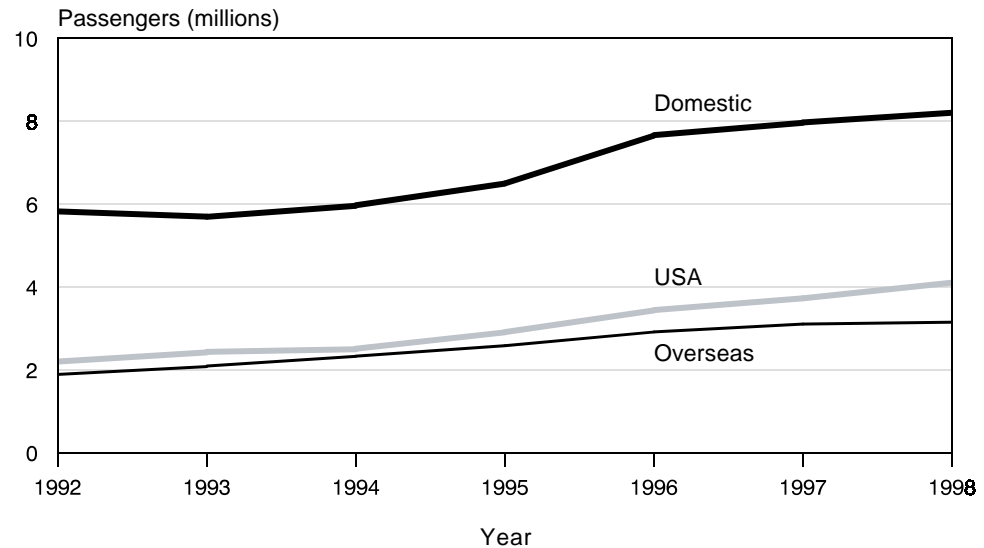
Air Transportation Local, regional and national air carriers operating throughout British Columbia provide scheduled and chartered services to domestic and foreign destinations using a network of more than 150 land-based airports, water-based facilities and heliports. Canadian Airlines International and Air Canada, along with their respective partners, are the main providers of domestic and international air services. WestJet provides services to a number of centres in the western provinces, while Central Mountain Air has expanded throughout British Columbia and into Alberta. Within the province, a number of smaller carriers operate scheduled and chartered plane and floatplane services to remote and lightly populated areas.

Air transportation services contributed \$766 million to the province's GDP in 1997. The industry has been undergoing a restructuring during the 1990s, as increased competition from discount air carriers has forced airlines to compete aggressively for passengers. This has affected the profitability of the industry. After going through some turbulence in the early 1990s, the air transportation industry appears to be back on course. It has been growing since 1994, but still remains at 87 per cent of the 1984 level. The difficulties facing the air transportation industry were not unique to British Columbia, as the affected air carriers operate in all parts of the country. Nationally, the GDP of the air transportation industry returned to its 1984 level in 1997.

Vancouver International Airport handles more than 87 per cent of the passengers travelling on scheduled services through British Columbia airports. Victoria, the second largest airport, accounts for about 4 per cent of the total, with the remaining

passengers enplaning or deplaning at 15 airports in smaller centres. In 1998, Kelowna and Prince George were the busiest of the regional airports providing regularly scheduled services.

Chart 4.14 Passenger Traffic Through Vancouver International Airport



Vancouver and Victoria international airports have seen significant growth during the 1990s. Vancouver's airport is the second busiest in Canada, with 15.5 million people travelling through it in 1998, setting a record for the sixth straight year. More than one-half of travellers were on domestic flights. Another 4.1 million travellers were going to or coming from the U.S., while 3.2 million were travelling between Vancouver and other countries. Transborder flights to and from the U.S. have increased since implementation of the Open Skies Agreement between Canada and the U.S. in 1995. There has been a 64 per cent increase in the number of passengers travelling through the airport on transborder flights since 1994. The airport also handled 255,400 tonnes of cargo in 1998, down 2.1 per cent from the record high of 261,000 tonnes set in 1997.

In Victoria, passenger traffic through the airport exceeded one million people for the first time in 1997, and grew to 1.2 million in 1998. Traffic through Victoria's airport has expanded nearly 70 per cent since 1993.

Water Transportation

The water transportation industry includes freight and passenger water transportation, ferries, marine cargo handling and other related activities. Water transportation plays an important role in British Columbia's economy. This industry's contribution to total GDP was \$705 million in 1997, down from \$718 million in the previous year.

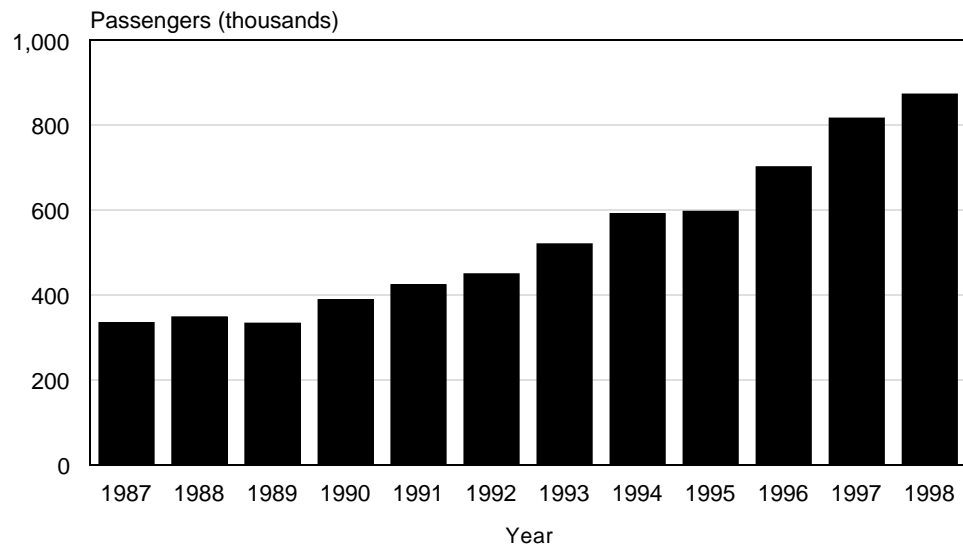
The Port of Vancouver was once again Canada's busiest port in 1998, handling 69.3 million tonnes of international cargo and 1.4 million tonnes of domestic cargo. The total tonnage handled by the port decreased 1.5 per cent to 70.7 million.

Almost a fifth of the total tonnage handled by Canadian ports passed through Vancouver, which is the largest foreign tonnage port in Canada, and one of the top three in North America. Most of the cargo passing through Vancouver is bulk cargo such as coal, wheat, forest products, potash and sulphur. However, container traffic through the port has been increasing in recent years, and accounted for about one-tenth of the total tonnage handled at the port in 1998.

Prince Rupert, which was hard hit by the Asian economic crisis, slipped from 10th to 13th place on the list of Canada's busiest ports in 1998. The port handled 56 million tonnes of cargo, 9.6 per cent less than in 1997. Coal exports through Prince Rupert — mostly destined for Japan — were down 27.8 per cent, while wheat shipments from the port fell 34.4 per cent.

Vancouver is the home port of the Alaskan cruise industry. In 1998, cruise ships made 294 trips to Vancouver, carrying 873,102 passengers on Alaskan cruises, a 6.9 per cent increase over the previous year. Most either embarked or disembarked on their cruises at Vancouver.

Chart 4.15 Cruise Ship Passengers Visiting Vancouver



Source: Port of Vancouver

The British Columbia Ferry Corporation operates a fleet of vessels providing freight and passenger service on routes between the Lower Mainland, Vancouver Island, the Gulf Islands, Prince Rupert and other coastal points. In 1998/99, the corporation carried 21.8 million passengers and 8 million vehicles. Passenger traffic was down 1.9 per cent and vehicle traffic fell 2.1 per cent. The Ministry of Transportation and Highways also operates ferry services on 17 inland routes.

Public Passenger Transportation

Public passenger transportation services (urban transit systems, as well as other passenger bus services providing school bus, intercity, charter and sightseeing bus services) contributed \$302 million to British Columbia's GDP in 1997. About two-thirds of the industry's GDP is generated by urban transit systems, with the remaining one-third coming from interurban and other passenger services. British Columbia Transit operates bus services in Victoria and 50 other communities in the province, while TransLink (formerly known as the Greater Vancouver Transportation Authority) operates transit services in the Greater Vancouver region. In 1998, 154 million trips were made by people using city bus services in the province, an increase of 0.7 per cent over the previous year. British Columbia's inter-city transit industry has declined as the availability of inexpensive air fares has made inter-city bus travel less common.

Communications

The communications industry, which provides telecommunications services, radio and TV broadcasting, and other services such as postal and courier services, employed 44,000 people in 1998. This industry is dominated by telecommunications carriers.

British Columbia has a modern communications infrastructure comprised of facilities for providing telephone, broadcasting, cable, Internet and other telecommunication and information services. There are 12 television broadcasting stations operating in the province. Eighty-four per cent of households in the province subscribe to cable television.

Changes in technology have had an enormous effect on the communications industry. The cellular market, served by BC Tel Mobility and Cantel, has about 500,000 subscribers in British Columbia.

Computer ownership has more than doubled to 43 per cent of households in British Columbia since the beginning of the decade, when just 18 per cent of households owned computers. More than one-half of the households with computers had modems in 1997, the latest year for which estimates are available. Various Internet providers in the province provide on-line access to businesses and to 18 per cent of households.

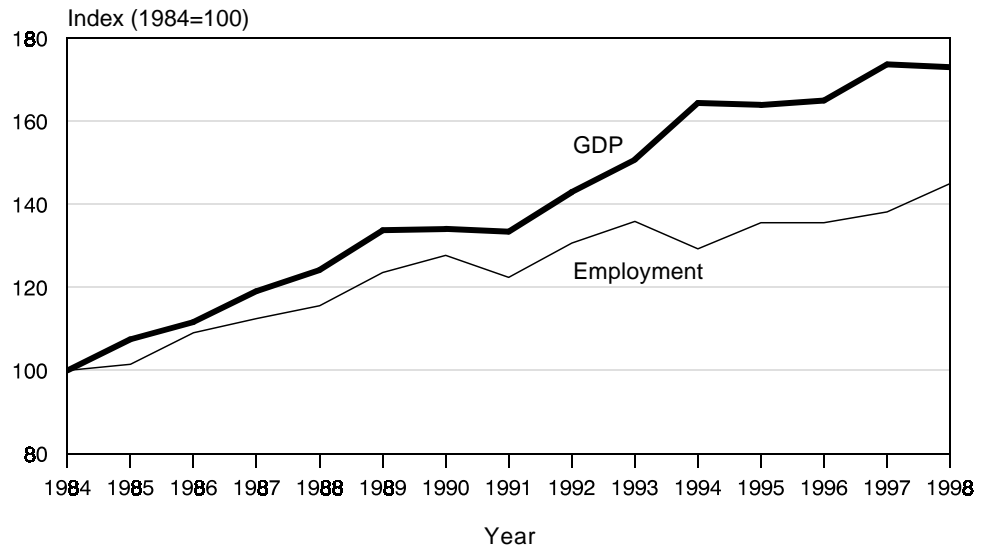
The communications industry is undergoing a major transition as a result of increased competition, and the convergence of the broadcasting, cable, computing and telecommunications industries. In May 1997, the Canadian Radio and Television Commission (the federal regulatory agency for telecommunications) released several decisions that opened up all telecommunications services to competition. It established the terms and conditions for entry by new local-service providers into the local phone-exchange market. This decision made it possible for cable companies to enter the local phone service market and for phone companies to apply for cable licences. Cable operators have also been branching out into new areas, such as the provision of Internet services, which were previously only available through telephone-line modems. It is likely that this industry will continue to undergo continued restructuring as it adapts to changes in technology and to an evolving regulatory structure.

Wholesale and Retail Trade

During 1998, nearly one in five workers in British Columbia was employed in a retail or wholesale establishment, making the sector the province's second-largest employer. Retail and wholesale trade also generated a substantial share of the province's GDP. Since 1984, the industry's GDP has increased about 73 per cent, well above the average for all industries of 47 per cent and for the service sector of 61 per cent.

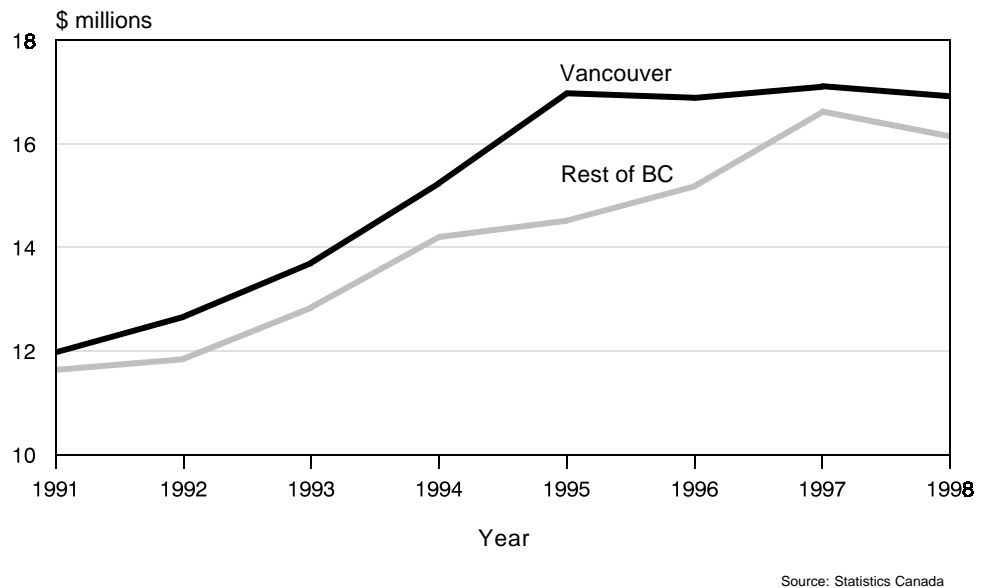
Wholesale trade is comprised of wholesalers who are primarily engaged in buying merchandise for resale to retailers as well as to industrial, commercial, institutional, farm or professional business users. They may also act as agents or brokers for buying and selling goods. In British Columbia, the three largest groups are: food, beverage and tobacco wholesalers (with about 20 per cent of total industry revenues); wholesalers of metals, hardware, plumbing, heating and other building materials (20 per cent); and those selling industrial machinery and supplies, computers, software and other equipment (18 per cent).

Retail trade is a diverse group, ranging from outlets selling big-ticket items such as motor vehicles, to supermarkets and department stores, or smaller establishments such as corner stores, gas stations and garden centres. Motor and recreational vehicle dealers accounted for 24 per cent of total retail sales in the province during 1998 (see Appendix A4.13). Supermarkets, the second largest retail group, accounted for 23 per cent and general merchandise recorded 11 per cent of total sales.

Chart 4.16 Index of GDP and Employment for Wholesale and Retail Trade

Most of the employment in the wholesale and retail sector is in the retailing industry (248,000), while wholesalers employ less than half as many people (91,000).

Wholesale sales increased 5.3 per cent to \$37.6 billion, while the value of retail sales fell 2 per cent to \$33 billion. Retail sales were down 1.2 per cent in the Vancouver Census Metropolitan Area and declined 2.9 per cent in the rest of the province.

Chart 4.17 Retail Sales by Region

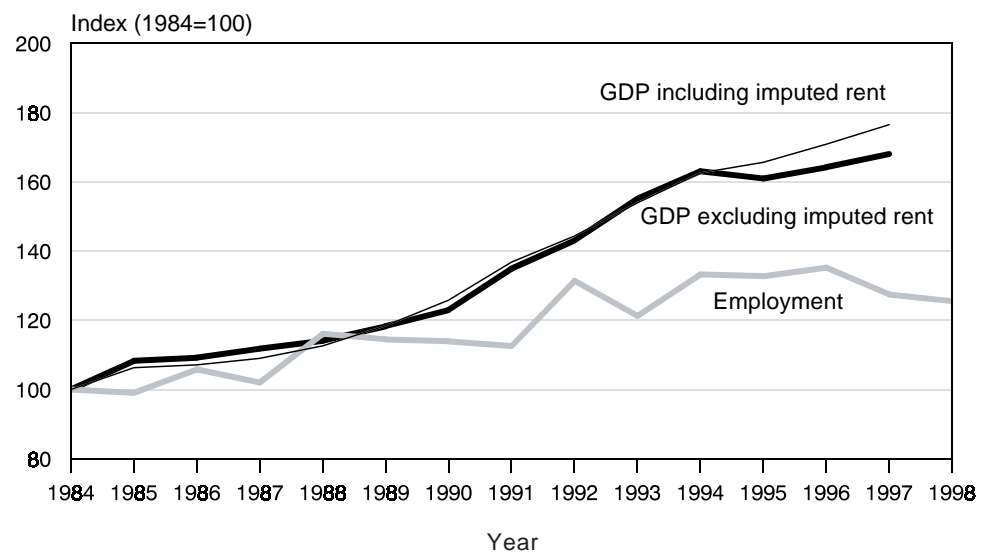
Finance, Insurance and Real Estate

The finance, insurance and real estate (FIRE) industry includes chartered banks, credit unions and other financial institutions, insurance carriers and agencies, real estate brokers, investment dealers, stock exchanges and operators of commercial and residential buildings.

In 1998, there were 105,000 people employed in this sector, which generated an estimated total GDP of \$17.6 billion (one-fifth of the provincial total), making it the largest industry in the province. About one-quarter of the people working in the sector were self-employed. Many of these people work in the real estate and insurance industries.

FIRE's contribution to total GDP is more than three times its share of total employment of 6 per cent. This is largely because just over half of the GDP originating in this sector is an estimate of the value (or imputed rental income) of owner-occupied housing. This estimate measures the rental income that homeowners would have paid renting their residences rather than living in them. When imputed rental income is excluded from the FIRE sector, the share of GDP drops to about 10 per cent.

Chart 4.18 Index of GDP and Employment for the Finance, Insurance and Real Estate Industry



Source: Statistics Canada

Since 1984, GDP in FIRE has increased 77 per cent, more than in any other industry group except business and personal services. Some of this growth is due to an increase in the imputed rental income on owner-occupied housing.

Employment in the FIRE sector grew 25 per cent during this period. The gap between the GDP and employment indices, which has been expanding since the beginning of the decade, suggests that this sector has benefited from significant labour productivity improvements. This is likely due to technological advances that have made it possible for many financial service providers to automate many of their functions. Widespread use of automated tellers, banking by phone and the introduction of software that allows consumers to do electronic banking and make investments using the Internet has had a tremendous effect on the way banks and other financial institutions do business. Face-to-face banking has given way to a more capital-intensive method of delivering services. This can be seen in the rapid growth in the number of automated teller machines (ATMs) installed at chartered banks in the province, which increased from 1,260 to 2,165 between 1991 and 1998 (see Appendix A4.14). The number of branches rose from 820 to 945 over the same period. Despite the increased use of ATMs and other types of electronic banking, employment at chartered banks has grown from 21,092 to 25,925 during this period.

Financial Services

Sixty-two thousand people were employed by financial institutions or insurance carriers in 1998, accounting for about 60 per cent of the workforce in the FIRE sector. These services generated about one-quarter of the sector's total GDP in 1997.

Banks, mortgage and trust companies remain the dominant force in this industry, contributing \$2.4 billion to the province's GDP in 1997. Other financial intermediaries, insurance underwriters and credit unions make smaller individual contributions, but together generated \$2.2 billion in GDP.

Personal deposits at chartered banks in the province totalled \$41.1 billion at the end of 1998. Total bank deposits/liabilities (including residual liabilities such as federal government deposits) were \$146.6 billion.

Chartered bank assets were valued at \$147.9 billion, about a third of which (\$45 billion) was outstanding residential mortgages. British Columbia residents also owed \$13.1 billion in personal loans to chartered banks, including \$2 billion of credit card debt. Non-residential mortgages of \$2 billion and loans to businesses of \$14.7 billion accounted for another 11 per cent of the total.

During 1998, mergers were proposed between the Royal Bank and the Bank of Montreal, and the Canadian Imperial Bank of Commerce and the Toronto Dominion Bank. Considerable public debate ensued and, early in 1999, the federal government blocked the two mergers.

Credit unions are becoming increasingly popular. In 1998, 36 per cent of British Columbians were credit union members, with total deposits of \$19.2 billion. This compares to 33 per cent of the population who were credit union members at the beginning of the decade. Credit unions in British Columbia issued \$17.5 billion in loans to their customers, \$13.4 billion of which were in the form of residential mortgages.

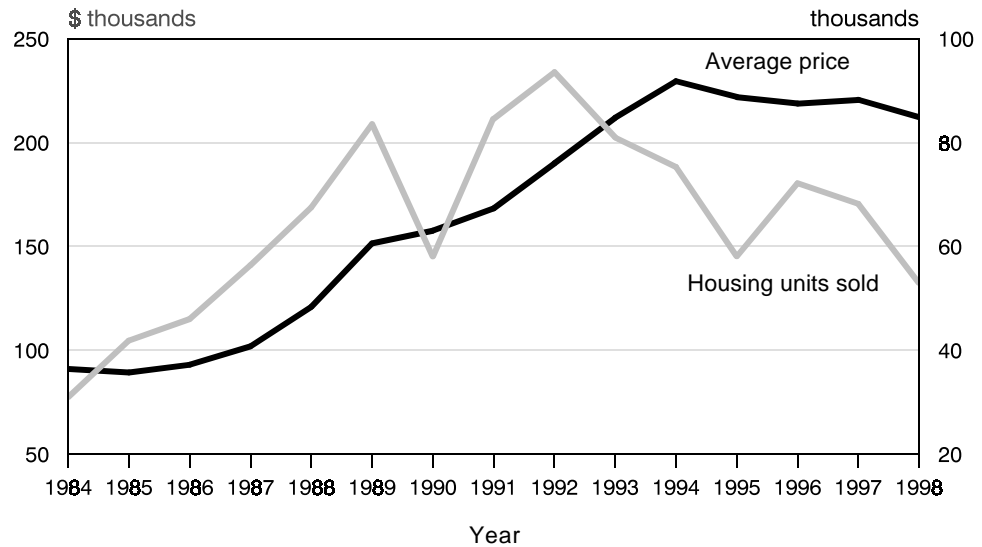
The Vancouver Stock Exchange (VSE, included in the financial intermediaries industry) is one of five stock exchanges in Canada. It is widely viewed as North America's leading venture capital market, specializing in raising capital for small and medium-sized companies, many of them in the resource sector. It is the largest venture capital source for junior mining companies. In 1998, 940 of the 1,384 companies listed on the VSE in 1998 were resource companies.

On the VSE, 5.3 billion shares, valued at \$3.8 billion, were traded in 1998, well below the levels seen in recent years. In comparison, 8.3 billion shares, with a total value of \$12 billion, were traded on the VSE in 1996, when activity on the exchange reached an all-time high. In 1999, the 92-year-old exchange announced plans to merge with the Alberta Stock Exchange, creating a national venture market that will provide better access to capital for emerging companies.

Insurance and Real Estate

Real estate operators and insurance and real estate agencies in British Columbia employed 43,000 people in 1998. The number of existing homes sold by Multiple Listings Service (MLS) agencies in the province has fallen in all but one year since 1993. Sales were down 22 per cent in 1998, with 52,910 properties changing hands, bringing resale activity to its lowest level since the mid-1980s.

Despite this slowdown, average residential prices decreased only moderately. In 1998, the average residence sold under MLS in British Columbia was valued at \$212,046, 3.8 per cent less than the average price of \$220,512 in 1997 and \$17,500 less than the peak value in 1994 (see Appendix A4.15).

Chart 4.19 British Columbia Average House Prices and Sales

Source: Canadian Real Estate Association

Softness in the housing market is underscored by increased apartment vacancy rates in many parts of the province. In Vancouver, the vacancy rate increased to 2.7 per cent from 1.7 per cent between 1998 and 1997, but is still low compared to other cities in the province. Victoria's rate rose to 3.8 per cent in 1998 from 3.4 per cent in 1997. In Kelowna, the vacancy rate increased to 4.4 per cent from 3.9 per cent, and in Prince George, vacancy rates more than doubled, rising to 12.2 per cent in 1998 from 5.6 per cent in 1997.

Although a weaker housing market is bad news for homeowners and workers in the real estate industry, it is good news for those wishing to enter the market. British Columbia has had the most expensive housing in the country since 1992, which means that some individuals with lower incomes have been shut out of the housing market. According to the 1996 Census, one in three British Columbia households have housing affordability problems (i.e., housing costs account for more than 30 per cent of their income).

Business and Personal Services

The business and personal services sector includes business services such as legal, accounting and computer services; the accommodation, food and beverage industry; and a number of other industries providing services ranging from hairstyling to motion picture production and distribution, theatrical entertainment, gambling, repairs and auto rentals.

This sector was British Columbia's largest employer in 1998, engaging one-quarter of the province's workforce. The sector's share of total GDP is estimated to be 15 per cent.

Since 1984, both GDP and employment in this sector grew more than in any other industry. GDP rose 80 per cent, while employment increased 95 per cent, almost double the provincial average. Most industries within the sector tend to be labour intensive, with the value of their services derived mainly from specialized skills of individuals in the workforce.

Business Services

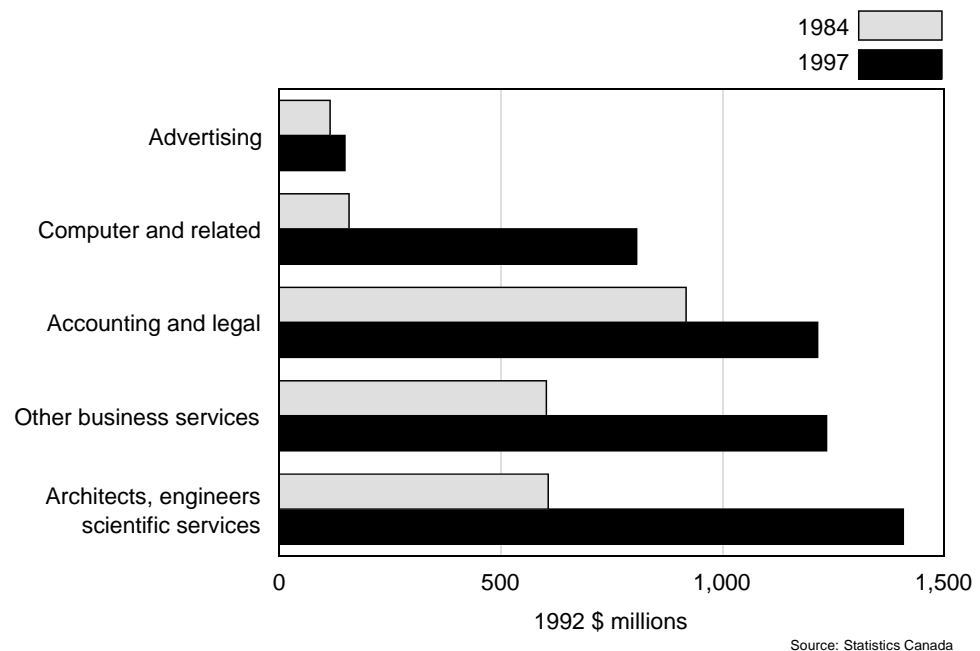
Within the business and personal services sector, the fastest growth has been in the business services industry, which includes employment agencies, computer services, advertising, architectural, engineering, legal, accounting and other similar services.

Between 1984 and 1997, GDP in this industry grew from \$2.3 billion to \$4.8 billion. Employment in business services increased from 58,000 to 138,000 during the same period, and increased to 157,000 in 1998. A relatively high percentage of the people who work in the business services industry are self-employed (44 per cent, compared to 21 per cent for all industries in the province).

The most significant gains were made in industries within the high-technology sector, such as computer and engineering services. GDP in the computer services industry rose from \$157 million in 1984 to \$806 million in 1997. The industry expanded rapidly between 1986 and 1993, growing more than 20 per cent a year in all but two years during this period. Since then, the industry experienced more moderate growth ranging from 12 per cent to 14 per cent in every year except 1996.

Although the activity of architects, engineers and offices providing scientific and technical services has risen less dramatically, this component of the industry has also seen exceptionally strong growth, more than doubling its GDP since 1984. It is now the largest of the business services industries. Other business services, such as management consulting and personnel agencies, have also been expanding at a fast clip.

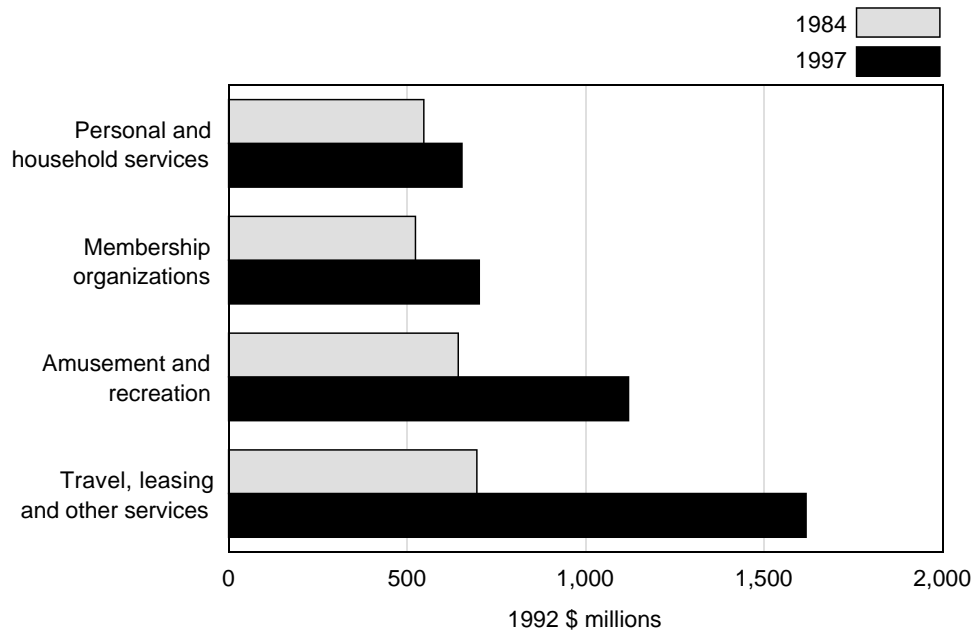
Chart 4.20 Business Services Industry Real GDP by Component



Personal and Other Services

This industry group includes services that are often provided directly to individuals. In 1998, 151,000 people were employed in the personal and other services industry, of which 46 per cent were self-employed, giving it the highest self-employment rate within the service sector.

More than one-third of the industry's GDP originated with establishments such as travel and car rental agencies, and companies that lease equipment, do repairs or provide building services such as maintenance. The value added to the economy by these agencies has increased from \$695 million in 1984 to \$1.6 billion in 1997, the last year for which detailed GDP estimates are available. A major factor contributing to this growth has been a growing number of people who are now leasing rather than purchasing vehicles for their personal use.

Chart 4.21 Personal and Other Services Industry Real GDP by Component

Source: Statistics Canada

The amusement and recreation industry has also experienced strong growth, contributing \$1.1 billion to the province's GDP in 1997. About 70 per cent of the industry's GDP derives from activities such as spectator sports, recreational facilities and staged entertainment such as ballet or opera. Gaming activities (including lotteries, race tracks and casinos) have increased substantially, contributing to the expansion of this industry.

According to the 1996 Census, there were just under 10,000 British Columbians employed as athletes, coaches, referees or in other sporting-related occupations. The province has the highest sports participation rate in the country. Compared with other Canadians, British Columbians are more likely to participate in sports such as swimming, golf, downhill skiing and tennis.

British Columbia's skiing industry has made great strides forward, and ski resorts such as Whistler are becoming competitive with other world-class resorts in Europe and the U.S. The number of skier visits to resorts in British Columbia reached 4.4 million during the 1997/98 skiing season. British Columbia's share of the regional skiing market in the Alberta, Washington, Montana and Oregon area grew from about 36 per cent at the beginning of the decade to 42 per cent in 1997/98.

British Columbians are also among the most active participants in the arts and culture in Canada. Residents of the province are more likely than other Canadians to be directly involved in the arts as members of arts organizations, volunteers and donors. According to the 1996 Census, there were 12,700 British Columbians working as creative and performing artists, up from 9,600 in 1991. In 1996/97, 1.6 million people attended 5,548 performances by professional performing arts groups in British Columbia, spending \$18.9 million on tickets for these events.

A small, but rapidly growing industry within amusement and recreational services is the film production and exhibition industry. Although the industry generated less than one-half a per cent of total GDP in 1997, this industry has made significant gains since

the mid-1980s, when film production facilities were established in Vancouver. GDP has increased sevenfold, growing from \$32 million in 1984 to \$255 million in 1997.

In 1998, there were 171 films, including 28 feature films, 26 television series and mini-series, and 43 made-for-TV movies shot in the province. These films had a total production budget of \$1.2 billion, of which \$808 million was spent in the province. Two-thirds or 117 of the made-in-British Columbia productions were Canadian, but 54 foreign films, including 11 feature films, were shot in the province (see Topic Box on British Columbia's Film and Television Industry).

*Accommodation,
Food and Beverage
Services*

The traveller accommodation, food and beverage industry employed 148,000 people in 1998. Restaurants, caterers and other establishments serving food and beverages employed three out of every four people in this industry. In 1997, the industry added \$3.4 billion to the province's GDP, two-thirds of which originated in the food and beverage services industry.

The steady growth of the food and beverage services industry highlights the continued popularity of dining out. According to a 1996 survey of family food expenditures, three out of every four British Columbia households regularly purchase restaurant meals. These meals accounted for one-third of the average weekly food budget in British Columbia, more than in any other part of the country. Residents of Vancouver had the highest average restaurant expenditures with \$46 per week or 37 per cent of their food budget spent on restaurant meals. This was higher than any other metropolitan area in the country. It is estimated that about three-quarters of the demand for food and beverage services is locally derived, while about one-quarter is the result of tourist activity.

In the accommodation sector, room revenues increased 4.2 per cent to \$1.2 billion in 1998. Americans made 3.4 million overnight visits to British Columbia and entries from other countries totalled 1.3 million. Pacific Rim countries, especially Japan, are the major source of overseas entries to the province, with 774,000 entries in 1998.

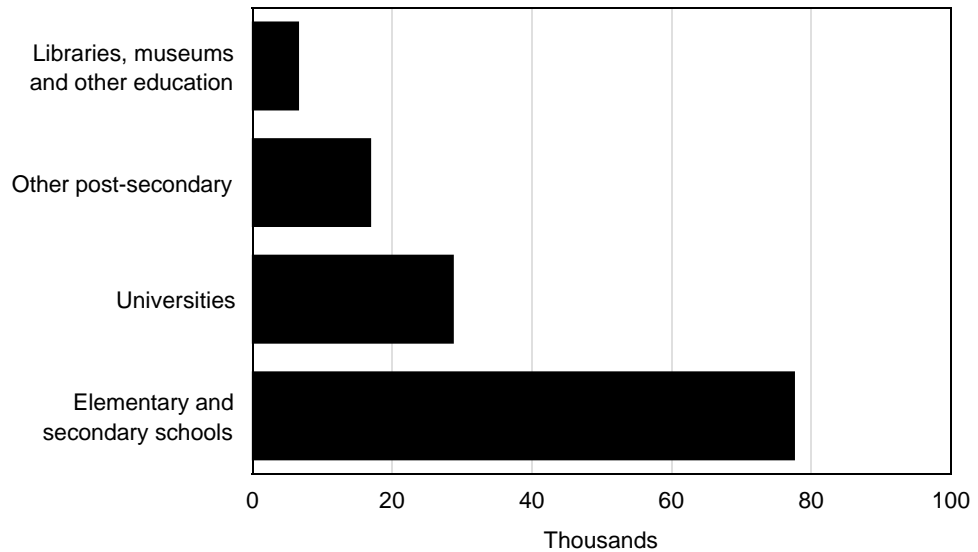
Education

The education industry includes elementary and secondary schools, post-secondary institutions such as colleges and universities, and trade schools such as business schools. In addition, libraries, museums, art galleries and other education-related services such as driving schools are considered part of this industry. Changes in the demand for education services are very closely correlated with changes in population.

Since 1984, employment growth in this industry has outpaced GDP growth. This may be partly due to an increase in part-time workers at schools and other educational institutions. Thirty per cent of the people in this industry worked part-time in 1998, compared to the average for all industries of 22 per cent.

In 1998, there were 123,000 British Columbians (6.6 per cent of the workforce) employed in the educational services industry. Most of the workers in this industry are public sector employees. Municipal school board employees account for 60 per cent of total employment in education. Just over one-third are employed at post-secondary institutions with the remainder working at museums, libraries, private elementary and secondary schools, and other schools such as driving schools.

In the 1998/99 school year, there were 1,776 public schools with a total enrolment of 614,458 pupils. The province also has many privately-operated schools, which receive partial funding from the provincial government.

Chart 4.22 Education Employment by Sector

Source: Statistics Canada

There are six publicly-funded universities in British Columbia — the University of British Columbia in Vancouver; Simon Fraser University in Burnaby; the Technical University of British Columbia (TechBC) in Surrey; the University of Victoria and Royal Roads University, both in Victoria; and the University of Northern British Columbia in Prince George.

Enrolment in the first five institutions was about 50,000 full-time and 23,000 part-time students during the 1998/99 school year. TechBC began offering programs in September 1999.

Post-secondary education programs are also available through 16 community and university colleges, five institutes and the Open Learning Agency, which offers distance education programs. In 1998/99, 82,283 student spaces were provided (see Chapter 6 for more information on post-secondary education).

Museums, art galleries, libraries and other similar facilities provide ongoing educational opportunities for the general public. In 1995/96 (latest available data), 8.5 million people visited heritage institutions in British Columbia. These institutions include 309 museums, 37 galleries, 67 historic sites, 23 archives and 27 natural history or botanical sites.

Public libraries in the province have a print collection in excess of 10 million volumes, with total circulation of 44.5 million items. British Columbia residents borrowed an average of 11.8 items each from public libraries during 1997. Per capita usage has stayed fairly steady since 1991, except in 1992 when borrowing dipped below 11 items per person. Libraries also loan out other materials such as compact discs, videos and tapes. In addition, 49 libraries in the province have computers for public use and 69 have Internet workstations.

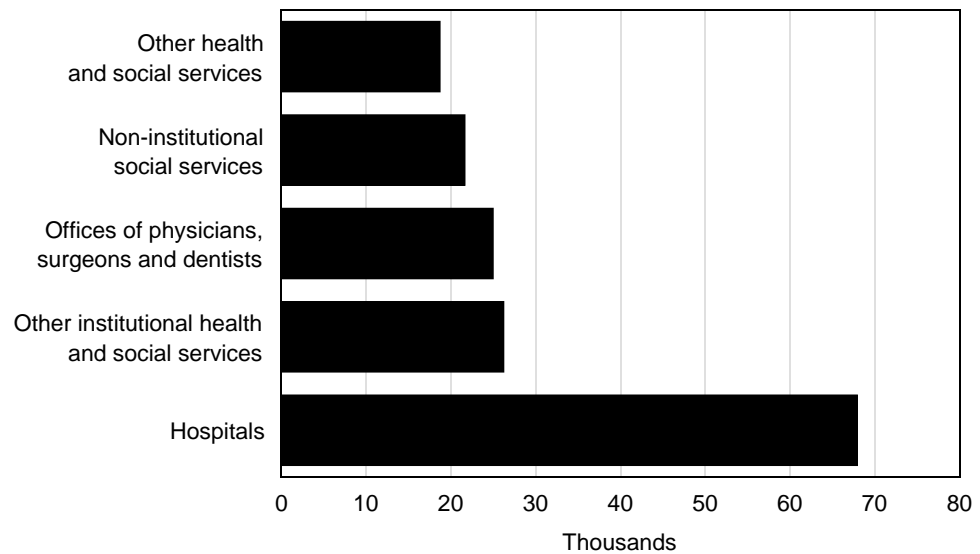
Health and Social Services

The health and social services industry includes establishments ranging from publicly-operated hospitals to the offices of physicians and dentists. Also included in this industry are homes for people requiring medical or other care, medical labs, day cares and preschools, and other types of social services.

Since 1984, British Columbia's health and social services industry has grown about 48 per cent. While population growth has been an important driver in this industry's expansion, other factors such as an ageing population are also putting more demands on the health care system. In addition, services such as home-making and meals-on-wheels have increased in importance during the last decade as the health care system has moved toward a growing emphasis on in-home services rather than institutional care. Demand for day care services and preschools has been influenced by the "baby echo" as people in the tail end of the baby boom have started raising families during the last decade and a half.

In 1998, the health and social services industry employed 194,000 workers in British Columbia and generated an estimated 7.4 per cent of GDP. Part-time work is common in this industry, with 36 per cent of people working less than 30 hours a week in 1998.

Chart 4.23 Employment in Health and Social Services by Sector, 1998



Source: Statistics Canada

Four out of every ten workers in this sector are employed by hospitals. Other institutional health and social services (such as nursing homes, special care facilities and homes for people with disabilities) employ about one-fifth of the workers, while a similar number of people have jobs in physicians, surgeons and dentists offices.

Government Services

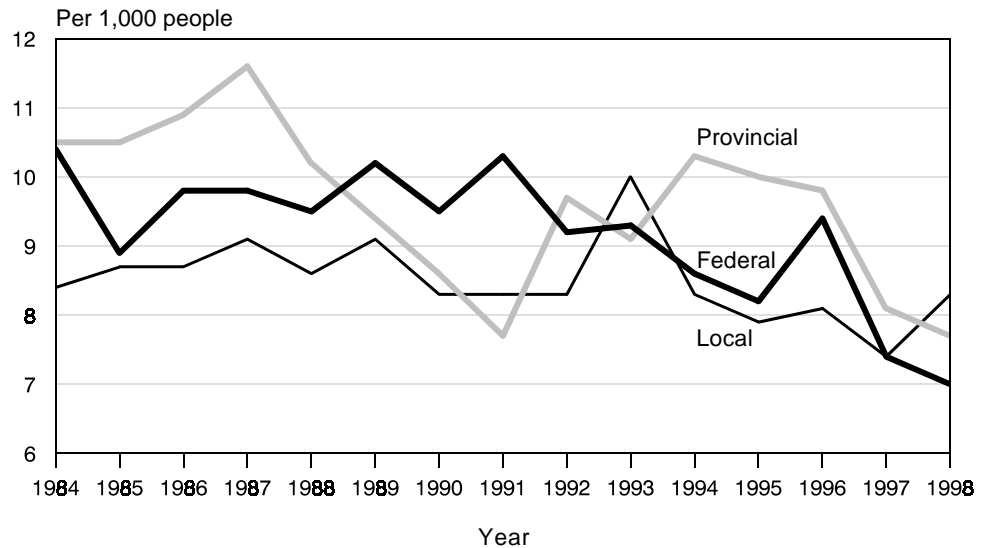
The government services industry is comprised of federal, provincial and local government ministries and agencies, as well as correctional facilities, courts, the military, law enforcement and firefighting agencies. It encompasses the administrative arm of the public sector, but excludes many activities that are publically-funded and classified to other industry groups (for example, public schools, hospitals or road construction).

In 1998, there were 92,000 British Columbians employed by the three levels of government, up from 86,000 persons in 1984. Local government (33,000) was the largest employer, followed by the provincial (31,000) and federal (28,000) governments.

Demand for some government services, such as health care, education and income assistance, usually increases as a result of population growth. However, during the last

15 years, governments have made some efficiency gains. In the provincial government, for example, the number of direct employees has fallen from 10.5 persons for every 1,000 British Columbians in 1984 to 7.7 in 1998. Federal government employment has been reduced from 10.4 to 7.0 per 1,000 people. In local governments, the number of employees has dropped only marginally, from 8.4 to 8.3 per 1,000 people.

Chart 4.24 Government Services Employment



Tourism and High Technology

The tourism and high-technology sectors are special aggregations of activities already included in the standard industry groups. As such, GDP and employment estimates for these sectors are not directly comparable with those for other industries. For example, the tourism sector is defined to include most accommodation services, a percentage of food and beverage services and certain activities in other industries that have a tourism component. Similarly, the high-technology sector includes various manufacturing activities (such as electronics) which have an identifiable high-technology component, as well as services such as computer services or engineering. Estimates of the contributions made to GDP by these industries are in the range of 5 per cent of total GDP for the tourism sector, and about 3 per cent for the high-technology sector.

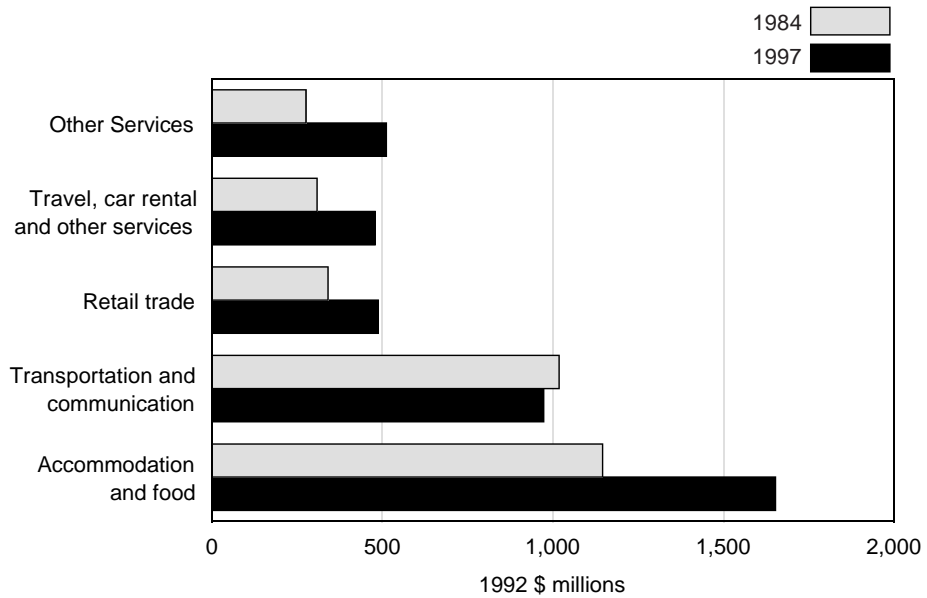
Tourism

The accommodation and food services industry makes the largest contribution to the tourism sector, accounting for 40 per cent of the sector's GDP. The tourism-related component of this industry grew to \$1.7 billion in 1997 from \$1.1 billion in 1984.

The second-largest industry within the tourism sector is transportation and communication at 24 per cent of total GDP. About three-quarters of the tourism GDP originating in the transportation and communication industry is generated by air transportation. Other activities contributing to tourism GDP include retail trade, and travel, car rental and related services.

Tourism continued to play an important role in the provincial economy in 1998. Spending by resident and non-resident overnight visitors was estimated at \$8.8 billion. British Columbians spent \$2.4 billion on overnight travel within the province. Visitors from neighbouring regions spent \$2.7 billion, while "long haul" markets contributed another \$2.2 billion. Spending by overseas visitors reached \$1.5 billion with \$821 million coming from residents of the Asia/Pacific region. European visitors spent an estimated \$625 million during 1998.

Chart 4.25 Tourism Industry Real GDP by Component



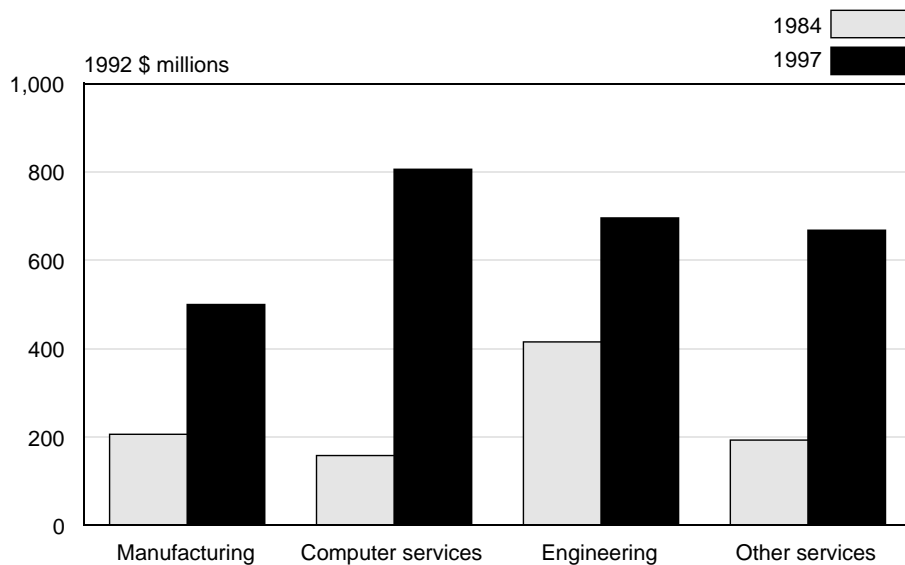
Source: Statistics Canada

An estimated 21.8 million visitors spent at least one night in British Columbia during 1998. About 10.7 million of the overnight trips were made by residents of the province. Overnight visits by people from the prairies and northern Canada totalled 3.6 million, while 2.9 million overnight trips were made by visitors from the northwest U.S. The North American long haul market was also significant, as was travel from overseas. There were 774,000 Asia/Pacific visitors and 623,000 visitors from Europe in 1998 (see Appendix A4.16).

High Technology

Since 1984, the high-technology sector has expanded significantly as output has almost tripled and employment has doubled. There were 46,090 people working in this sector

Chart 4.26 High Technology Industry Real GDP by Component



Sources: BC Stats, Ministry of Finance and Corporate Relations

in 1998, 36,840 people were employed in service industries, while the rest were employed in high-technology manufacturing. Employment and GDP growth in this sector have outpaced the average for other industries, and as a result, high-technology activities now occupy an increased share of the economy. In 1984, the high-technology sector employed 2.2 per cent of British Columbia's workforce; by 1998, this share increased to 3.1 per cent.

The high-technology sector is primarily engaged in the provision of services, which account for 80 per cent of its total GDP. The largest industry is computer and related services, followed closely by engineering services and scientific and technical services. Manufacturing (mainly communications and electronic equipment, computers, and other office, store and business machines) contributed 19 per cent of output in 1997. Medical labs generated about 3 per cent of the sector's total GDP.



The Big Picture

British Columbia's Film and Television Industry

Film and television production continues to be a bright star in the British Columbia economy, with a record high \$1 billion worth of production expected in 1999. In the first six months of 1999, 113 productions had been confirmed, up 70 per cent from the first six months of last year. Included in the total are 32 feature films, 34 television movies, pilots and specials, 17 television series, 5 animations, 25 documentaries and broadcast singles.

British Columbia has come a long way, quickly. In 1978, film and television industry spent \$12 million directly on production in the province. Twenty years later, in 1998, industry spent more than \$808 million. This represents an annual growth rate of about 21 per cent. British Columbia's film and television industry is expected to double in the next 10 years.

The Canadian dollar advantage is not the only reason why foreign producers find British Columbia attractive. The province's natural beauty, diversity of landscapes and people, and urban settings that can "double" for other cities make the province a good place to shoot. As well, the province has invested heavily in production and post-production infrastructure, skilled trades training and tax incentives, and now has the critical mass to ensure that British Columbia remains a world-class location.

"Hollywood North"

Today Vancouver is among the top three production centres in North America, behind Los Angeles and New York. British Columbia offers producers state-of-the-art production capacity including 41 shooting stages, 48 post-production facilities and the ability to crew and service 35 projects simultaneously. Lion's Gate Studios is Canada's largest film and television facility. Bridge Studios in Burnaby has one of the largest special effects stages in North America. Vancouver Film Studios will be the largest complex in the country once renovation and expansion of its existing production studios is complete.

Some of the major movies and television series shot in British Columbia include: *The Accused*, *Alaska*, *Bird on a Wire*, *Cold Squad*, *Cousins*, *Double Jeopardy*, *Dudley DoRight*, *Jumanji*, *Lake Placid*, *Legends of the Fall*, *Little Women*, *Look Who's Talking [1,2 and 3]*, *Millenium*, *Mr. Magoo*, *Needful Things*, *Outer Limits*, *Poltergeist*, *Roxanne*, *Rumble in the Bronx*, *The Scarlet Letter*, *Stargate*, *The Sweet Hereafter*, *13th Warrior* and the long-running TV hit series *X-files*.

The average project spends \$7 million and creates 113 jobs. While most of the major productions are developed in the United States, British Columbia-based filmmakers and companies are a growing part of the industry. British Columbia is also a leader in Canadian documentary film-making. Documentaries represented \$17 million worth of production in 1998. Domestic non-theatrical production, such as corporate videos and commercials accounted for at least \$62 million in additional spending in 1998.

Lights, Camera, Diversity

This environmentally-friendly, labour-intensive, value-added industry is helping to diversify the economy by creating well-paying jobs for highly-trained people. Film and television provides major employment and business opportunities for British Columbians. Today, the average production crew is 97 per cent British Columbian, compared to 40 per cent 20 years ago.

The increase in home-grown technical expertise is partly due to the province's investment in film and television trades training, building a skilled workforce capable of fulfilling industry expectations. About 15,000 people are employed directly in film production and another 20,000 in related services and facilities.



Partnership

The provincial government is fostering growth in the film and television sector, and other related emerging knowledge-based industries. Government consulted with industry leaders to design a strategy for film industry development, focussing on training, location marketing, financing and investment, federal/provincial relations and infrastructure.

Recent investments by the province include a \$20-million loan toward a \$70-million expansion of Vancouver Film Studios that adds six new sound stages and renovates four existing stages. Senior executives from Sony-Columbia Tristar and Walt Disney Pictures participated in the July 1999 announcement. The chair and CEO of Vancouver Film Studios said that the demand for space at the studios has been unprecedented, and without the help of the province in accelerating the expansion, they would have lost productions to the U.S. and other provinces.

Key goals of the government strategy are to expand film and television production outside the Lower Mainland, and to increase the number of productions generated by British Columbia-based companies. To help achieve these goals, Film Incentive B.C. was introduced in April 1998 and the production services tax credit was introduced in June 1998.

Film Incentive B.C. has triggered \$130 million of production in the program's first year. It provides provincially-based film companies with a tax credit of up to 20 per cent of eligible labour costs, and also includes regional production and training incentives. The domestic film industry is now roughly three times larger than it was before the tax credit was introduced.

About \$80 million was spent on production outside the Lower Mainland in 1998. In the first six months of 1999, regional production was already at \$97 million. Locations outside Vancouver have included central Vancouver Island (*Eaters of the Dead*), Prince George and the Cariboo (*Seven Years in Tibet*) and the Interior (*Snow Falling on Cedars*).

The production services tax credit provides a tax reduction of 11 per cent, primarily to foreign producers, to promote the province as a film production centre and to keep British Columbia competitive with other jurisdictions. Ontario and other provinces offer film tax credits of this magnitude as well, and there is a growing movement in California to bring production back to Hollywood via tax incentives. As a result, continued growth and development of British Columbia's film sector is a priority for the provincial government in order to ensure the industry contributes to the future growth and diversification of the economy.



Chapter Five

The Provincial Government and Intergovernmental Relations



Nisga'a Chief Joe Gosnell (centre), accompanied by Tribal Council members Ed Wright (left) and Nelson Leeson (right), speaking from the bar at the entrance to the Legislature, December 1998.

Chapter 5 The Provincial Government and Intergovernmental Relations

Overview

The structure of the British Columbia government is based on British parliamentary tradition and precedent. Prior to 1866, British Columbia was composed of two British-controlled Crown colonies, one on Vancouver Island and a second on the mainland. In 1866, the Union Proclamation joined these two colonies to form the Crown Colony of British Columbia, and on July 20, 1871, British Columbia entered into Confederation with Canada. Although the Colony of Vancouver Island had a parliamentary form of government as far back as 1856, the first fully elected government was not instituted in British Columbia until the autumn after Confederation with Canada. Responsible government was achieved in late 1872, when the Lieutenant Governor acquiesced to an executive council that was responsible to the legislative assembly.

The Constitutional Framework

Upon entering Confederation, British Columbia came under the authority of the *British North America Act, 1867 (BNA Act)*, a statute of the British parliament. Until 1982, the *BNA Act* defined the major national institutions and established the division of authority between the federal and provincial governments. In 1982, the *BNA Act* was renamed the *Constitution Act, 1867* and its amendments were incorporated into the *Constitution Act, 1982*. The *Constitution Act, 1982*, which also includes the Canadian Charter of Rights and Freedoms, is part of the *Canada Act, 1982*. With the passage of the *Canada Act, 1982*, the British Parliament ended its legal right to legislate for Canada.

Canada, as a federal state, divides legislative powers between the federal and provincial governments.

The Provincial Government

British Columbia's government is modelled after the British system. Functionally there are three main branches: the legislature, the executive and the judiciary (see Chart 5.1).

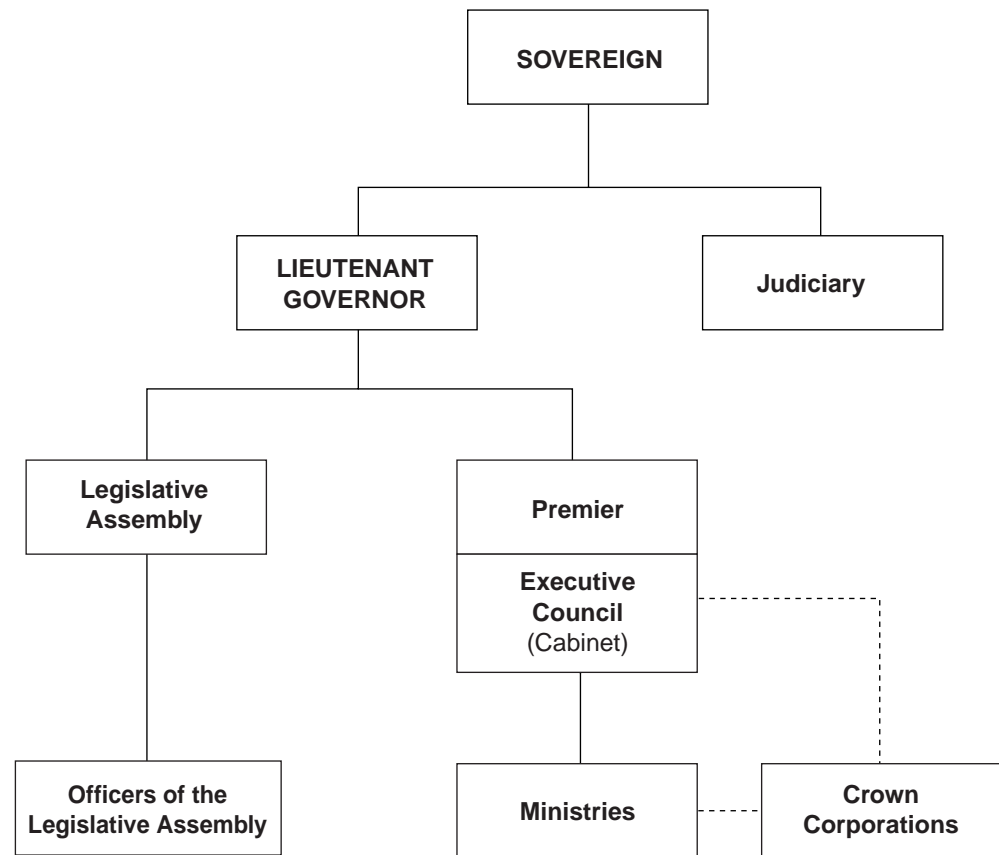
The Legislature

Legislative powers in British Columbia are exercised by a single legislative chamber, which is elected for a term of up to five years. The legislature consists of the Lieutenant Governor and 75 elected members of the legislative assembly. The legislative assembly represents the people of British Columbia in the conduct of the province's affairs. The assembly is required by law to meet at least once a year with a normal session lasting several months. However, special sessions can last just a few days or many months, depending on the nature of the government's business. The third session of the 36th Parliament, which started March 26, 1998 and ended July 15, 1999 after proroguing twice, was the longest session on record.

Seven officers report directly to the legislative assembly and are completely independent of government. Their functions are described below.

Auditor General

The Auditor General provides independent assessments of the financial statements provided by government to the legislative assembly. The Auditor General also audits and evaluates government operations, reliability of financial reporting and compliance with applicable laws and regulations. In addition, the Auditor General recommends ways to improve public sector administration.

Chart 5.1: The Government of British Columbia¹

¹ The Lieutenant Governor, the Executive Council and Members of the Legislative Assembly are listed in Appendix 8. Major Crown corporations are listed in Appendix 7.

Chief Electoral Officer

The Chief Electoral Officer is responsible for the voter registration process, and conduct of elections and plebiscites in the province. The Chief Electoral Officer is also responsible for registration of all political parties, constituency associations, candidates and leadership contestants, as well as their respective financial agents and auditors. In addition, the officer conducts compliance investigations and audits of annual and election financing returns of all registered entities.

Child, Youth and Family Advocate

The Child, Youth and Family Advocate ensures that the rights and interests of children, youth and their families relating to designated services are protected and advanced, and that children and youth have access to appropriate and effective review and appeal processes. As well, the advocate supports, promotes and coordinates the establishment of advocacy services for children, youth and their families in their local communities, and provides information and advice to government and communities. The advocate reports annually to the legislature and may make recommendations about legislation, policies and practices.

Conflict of Interest Commissioner

The *Members' Conflict of Interest Act* defines and addresses conflicts of interest, and apparent conflicts of interest, of members of the legislative assembly. Under the act, the Conflict of Interest Commissioner is appointed by the legislative assembly to carry out three functions — to annually prepare and file a public disclosure statement with respect to the financial affairs of each member of the legislative assembly; to respond to requests for opinions and advice with respect to compliance with the act from

individual members, the executive council and the legislative assembly; and, when requested, to provide an opinion on allegations of contravention of the act. The commissioner files an annual report with the assembly and may, at the request of the executive or the legislative assembly, undertake and report on any assignment the commissioner considers appropriate.

*Information and
Privacy
Commissioner*

The Information and Privacy Commissioner is responsible for monitoring and enforcing compliance with the *Freedom of Information and Protection of Privacy Act*. The act provides for public access to records held by public bodies and defines limited exceptions to the right of access. It also establishes strict standards about how public bodies collect, use and disclose personal information, and guarantees the individual's right to see that information and to make corrections. Any applicant who is denied access to information by a decision of a public body may ask the commissioner to review the decision. The commissioner has the power to issue binding orders with which the government must comply within 30 days.

Ombudsman

Under the *Ombudsman Act*, the Ombudsman is responsible for investigating complaints of unfair administrative practices within provincial government ministries, Crown corporations and certain other public authorities including schools, school boards, colleges, universities, hospitals and the governing bodies of professional and occupational associations.

*Office of the Police
Complaints
Commissioner*

The Police Complaints Commissioner provides independent civilian oversight of all aspects of an investigation into complaints made against municipal constables, deputy chief constables, chief constables and municipal police departments. Investigation of public complaints concerning the police continues to be undertaken by the police; however, the commissioner has specific powers to direct that a complaint be reclassified or reinvestigated, investigated by an outside police department or that an investigation be monitored by an independent civilian observer appointed by the commissioner. The commissioner may also order that a public hearing take place before a provincial court judge if it is in the public interest, and may ask the Attorney General to order a broader public inquiry under the *Inquiry Act*.

The Executive

The executive is composed of the Lieutenant Governor and the executive council. The Lieutenant Governor is the Queen's representative in British Columbia and holds a largely ceremonial place in modern provincial government. By constitutional custom, the Lieutenant Governor is appointed by the Governor General of Canada for a term usually lasting five years.

The Lieutenant Governor, on the advice of the premier, appoints members of the executive council and is guided by the executive council's advice as long as it holds the confidence of the legislative assembly. Following a general election, the Lieutenant Governor calls upon the leader of the political party with the largest number of elected members to serve as premier and to form the provincial government.

The Lieutenant Governor, on recommendation of the premier, convenes, prorogues and dissolves the legislative assembly and gives Royal Assent to all measures and bills passed by the assembly before they become law.

The executive council, or cabinet, is headed by the premier and is composed of selected members of the ruling party. Ministers are the head of government ministries, and are usually members of cabinet (see Appendix 8). At August 31, 1999, Cabinet

consisted of 21 members including the premier, who is also the Minister of Energy and Mines and Minister Responsible for Northern Development.

Cabinet determines government policy and is held responsible by the legislative assembly for the operation of the provincial government. Deputy ministers are the chief operating officers of ministries and are appointed by cabinet. Deputy ministers are responsible for carrying out government policies and for managing the work of their ministries.

The Judiciary

The judiciary performs functions that are central to the orderly operation of society. Judges hear and give judgement in criminal prosecutions and in actions arising from disputes between private citizens or between the government and private citizens. Judges apply both judge-made law, known as “common law,” and laws made by the Parliament of Canada and provincial legislatures. The judiciary is increasingly called on to determine whether laws passed by governments conform to the values expressed in the Canadian Charter of Rights and Freedoms.

The British Columbia judicial system is made up of the Provincial Court of British Columbia, the Supreme Court of British Columbia and the Court of Appeal of British Columbia. The Provincial Court includes Small Claims, Adult Criminal, Youth and Family divisions. Provincial Court judges are appointed by the provincial government. Court of Appeal and Supreme Court judges are appointed by the federal government.

The federal judicial system includes the Tax Court of Canada, the Federal Court of Canada (Appeals division and Trial division) and the Supreme Court of Canada. The Federal Court of Canada hears cases in limited areas of exclusively federal jurisdiction, for example, reviewing decisions made by federal tribunals such as the Canada Labour Relations Board. The Supreme Court of Canada is the court of final resort and hears selected appeals from the Federal Court of Appeal and provincial Courts of Appeal.

Provincial Government Jurisdiction

Under Canada’s constitutional framework, the province has ownership and jurisdiction of natural resources and is responsible for education, health and social services, municipal institutions, property and civil rights, the administration of justice and other matters of purely provincial or local concern. Provincial programs are described in Chapter 6.

Provincial Taxes

To meet its financial commitments, the provincial government has authority to collect revenue through direct taxation within provincial boundaries and to borrow on provincial credit. The 1982 amendments to the *Constitution Act, 1867* gave the provincial government additional taxing authority over natural resources, including indirect taxation.

Income Tax Rates

The British Columbia personal income tax rate for the 1999 taxation year is 49.5 per cent of basic federal tax. This means that a typical British Columbia taxpayer is required to remit \$49.50 in income tax to the provincial government for every \$100 of basic federal income tax, which is calculated before the addition of federal surtaxes and subtraction of federal refundable credits. High-income earners are also required to pay a surtax of 30 per cent of provincial tax in excess of \$5,300 plus 19 per cent of provincial tax in excess of \$8,660. A two-income family of four with one spouse earning \$35,000 and the other \$20,000, and with typical major deductions being claimed, would pay provincial income tax of 5.6 per cent of total income in 1999.

Since July 1996, the British Columbia *Income Tax Act* has provided for the BC Family Bonus, a monthly benefit for low and modest income families with children. About 230,000 families received BC Family Bonus payments of up to \$103 per month per child in each of the first two years that the program has been operating. In July 1998, the BC Family Bonus was combined with the federal National Child Benefit supplement such that families continued to receive up to \$103 per month per child (increasing to \$105 per month per child effective July 1, 1999). The province also introduced the BC Earned Income Benefit, an additional benefit for BC Family Bonus recipients with earned income, in July 1998. The provincial benefits are combined with the federal government's Canada Child Tax benefit in a single monthly payment for British Columbia families.

British Columbia's general corporate income tax rate is 16.5 per cent. Effective July 1, 1999, the small business rate was reduced to 5.5 per cent from 8.5 per cent. The small business rate applies to the first \$200,000 of active business income earned in the year by a Canadian-controlled private corporation. In addition, a corporation's small business deduction is partially clawed back when its corporate capital exceeds \$10 million, and is eliminated completely when its capital exceeds \$15 million.

Corporation Capital
Tax Rate

The corporation capital tax is applied to adjusted paid-up capital of general corporations at a rate of 0.3 per cent. Banks, trust companies and credit unions are taxed at a rate of three per cent unless their net paid-up capital is \$1 billion or less, or they are based in British Columbia, in which case a rate of one per cent applies. For general corporations, adjusted paid-up capital includes share capital, retained earnings and surpluses, liabilities and deferred credits of a corporation. Deductions are allowed for current accounts payable, investments in other corporations, allocations of net paid-up capital to other jurisdictions and qualifying expenditures on specific new capital assets. Certain corporations are exempt from the tax, such as corporations or associated groups of corporations with net paid-up capital of less than \$2.5 million.

Social Service
Tax Rates

The general tax rate on purchases and leases of tangible personal property under the *Social Service Tax Act* is seven per cent. The tax also applies to certain services, including legal, telecommunication, and pay television services, and repair of certain tangible personal property. Liquor products are taxed at ten per cent and passenger vehicles are taxed at between seven and ten per cent depending on the value of the vehicle (see Appendix A5.1 for applied rates). For purchases of passenger vehicles, the tax applies to the purchase price less the value of tangible personal property (normally the trade-in vehicle) taken as partial payment for the purchased vehicle. The act also imposes fixed levies on purchases of lead-acid batteries weighing two kilograms or more and pneumatic vehicle tires (\$5 per battery and \$3 per tire) to fund environmental programs, and on short-term rentals of passenger vehicles (\$1.50 per day) to raise revenue for the BC Transportation Financing Authority, a Crown corporation that finances transportation projects.

Real Property
Tax Rates

British Columbia, local governments and certain regional boards all levy taxes on occupiers of real property. Independent, market-value assessments are performed annually by the British Columbia Assessment Authority. Property is divided into nine classes under the *Assessment Act*, and three assessment rolls are created with slightly different tax bases. Few exemptions apply, but a grant to owners of a primary residence in British Columbia under the *Home Owner Grant Act* provides significant relief from residential property tax.

British Columbia levies the province-wide school tax under the *School Act*. A single rate is set for each of the eight non-residential property classes, with rates varying

from \$2.30 to \$15.00 per \$1,000 of taxable assessed value. Residential school tax rates are different in each of the province's 59 school districts, and range from \$2.5019 to \$9.000 per \$1,000 of taxable value. The higher rates apply in school districts with lower average assessed values.

British Columbia also levies a property tax in unincorporated areas through the *Taxation (Rural Area) Act*. Province-wide rates for the nine property classes range from \$0.50 to \$4.50 per \$1,000 of taxable value.

Municipal governments levy property taxes under the *Municipal Act* to fund about three-quarters of their responsibilities. Rates vary by municipality and by property class. Regional districts, hospital districts and other minor taxing jurisdictions also levy property taxes. Their tax rates vary but the provincial government establishes the tax ratios between classes.

Other Tax Rates

The tax rate on hotel accommodation is eight per cent, of which 1.65 percentage points is dedicated to Tourism British Columbia, a Crown corporation that promotes development and growth of the tourism industry throughout the province. Municipalities, regional districts and other eligible entities may request that the provincial government levy an additional tax of up to two per cent on their behalf. Revenue from the additional tax must be used to fund tourism-related projects or to promote tourism. Additional hotel accommodation taxes are currently levied on behalf of the resort municipality of Whistler; the cities of Vancouver, Victoria and Prince Rupert; the districts of Oak Bay and Saanich; and the town of Smithers.

Provincial fuel tax rates are 11 cents per litre for clear gasoline and 11.5 cents per litre for clear diesel. Portions of this tax are dedicated to or collected on behalf of the following authorities:

- *BC Transportation Financing Authority* — on June 1, 1999, the portion of clear fuel tax dedicated to the authority, which uses the funds to help finance high-priority transportation projects, increased to three cents per litre from two cents per litre.
- *British Columbia Ferry Corporation* — on April 1, 1999, one cent per litre was dedicated to the corporation, increasing to 1.25 cents per litre on October 1, 1999. The transfer provides an additional source of secure funding for the ferry system. There was no change to the clear fuel tax rates paid by consumers.
- *TransLink (formerly known as the Greater Vancouver Transportation Authority)* — on April 1, 1999, four cents per litre of clear fuel tax collected in the Greater Vancouver Transportation Service Area was transferred to TransLink, the authority responsible for transit services in the Lower Mainland. There was no change to the clear fuel tax rates paid by consumers.

TransLink also receives an additional four cents per litre as a transit tax, formerly collected by the province on behalf of the Greater Vancouver Regional Transit Commission.

- *Victoria Regional Transit Commission* — an additional tax of 2.5 cents per litre is collected by the province on behalf of the commission to cover part of the local share of transit costs.

Compressed natural gas, and 85 per cent or higher methanol or ethanol blends, used to propel motor vehicles are exempt from provincial fuel tax. Auto propane is taxed at the social service tax rate of 7 per cent of the selling price before application of the goods and services tax.

Qualifying people with disabilities are eligible for a rebate of provincial tax paid on fuel purchased for use in their own vehicles, up to an annual maximum of \$400.

The tobacco tax rate is 11 cents per cigarette and 11 cents per gram of loose tobacco.

The property transfer tax is imposed upon application to register a transfer of an interest in real property at a land title office. The tax is payable by the person taking title to the property (the transferee) at a rate of one per cent on the first \$200,000 of fair market value transferred and two per cent on the balance. A variety of exemptions are provided, including an exemption for eligible first-time home buyers.

Other provincial taxes, including the horse racing tax, insurance premium tax, real property tax, logging tax, mining tax and mineral land tax, are described in Appendix A5.1, which lists major provincial taxes, exemptions and tax credits. Appendix A5.2 provides an interprovincial comparison of tax rates.

Recent Provincial Government Legislation of Financial Significance

The following legislation of financial significance was enacted by the legislature during the 1999 spring session. Appendix A5.3 provides more details on major tax changes effective in 1999/00.

The *Taxation Statutes Amendment Act, 1999* and the *Miscellaneous Statutes Amendment Act, 1999* amended the following provincial statutes:

- Effective January 1, 2000, the personal income tax surtax will be reduced to 15 per cent from 19 per cent of provincial income tax in excess of \$8,660.
 - Effective July 1, 1999, the corporate income tax rate paid by qualifying small businesses will decrease to 5.5 per cent from 8.5 per cent.
- The *Corporation Capital Tax Act* was amended to extend the existing two-year tax holiday to four years for new qualifying expenditures incurred after March 31, 1999.
- Effective March 31, 1999, the *Social Service Tax Act* was amended to:
 - exempt boomsticks used in the forest industry;
 - exempt product labels attached to goods for sale or lease;
 - provide a partial refund for eligible factory manufactured alternative fuel vehicles; and
 - provide authority to Revenue Canada to collect the provincial sales tax on personal importation of taxable goods from outside Canada by British Columbia residents, effective September 1, 1999.
- The *Mineral Tax Act* was amended to replace the application of the tax to placer miners with a 0.5 per cent royalty payable by placer miners on the value of gold sold.
- The *Motor Fuel Tax Act* was amended to provide a tax exemption for ethanol used in blends of ethanol and gasoline once a commercial ethanol plant is operating in British Columbia.

As announced in the 1997/98 budget, the tax on international jet fuel was reduced to 2 cents per litre from 3 cents per litre, effective April 1, 1999, following a reduction to 3 cents per litre from 4 cents per litre on April 1, 1998. This will bring the tax rate closer to current rates in neighbouring jurisdictions and will increase support provided to the Vancouver International Airport's strategy for becoming a major gateway between North America and Asia.

As part of the agreement to transfer responsibility for transit services in the Lower Mainland to TransLink, four cents per litre of the clear fuel tax collected in the Greater Vancouver Transportation Service Area was transferred to the authority effective April 1, 1999. There was no change in clear fuel tax rates paid by consumers.

Two additional revenue measures were introduced to dedicate more motor fuel tax revenue for transportation purposes. On April 1, 1999, one cent per litre was dedicated to the British Columbia Ferry Corporation, increasing to 1.25 cents per litre on October 1, 1999. As well, effective June 1, 1999, the portion of clear fuel tax dedicated to the BC Transportation Authority was increased to three cents per litre from two cents per litre. There was no change in clear fuel tax rates paid by consumers as a result of these transfers.

- The *Assessment Act* was amended to require the use of prescribed manuals and depreciation tables for assessing dams, substations and power plants. The British Columbia Assessment Authority has historically used the cost approach to value dams, substations and powerhouses for generating and transmitting electricity in the same way that it does for major industrial properties. The utilities worked with the authority to create the cost manual now used to value these improvements for property tax purposes. However, unlike for major industrial properties, the use of manuals and depreciation rates for these hydroelectric facilities had not been previously legislated.

International Relations

The provincial government undertakes a number of activities in recognition of the importance of foreign trade, investment and international relations to the British Columbia economy.

Trade and Investment

The provincial government, mainly through the Ministry of Employment and Investment, works with the federal government to help ensure that foreign markets are opened to British Columbia exports. For example, since 1994, the province participated in all of the Team Canada trade missions to China, India, Pakistan, Indonesia, Malaysia, Korea, the Philippines, Thailand, Mexico, Argentina, Brazil, Chile, and most recently, Japan.

In October 1998, the largest ever British Columbia business delegation was led by the Premier on a trade mission to South China. The mission assisted British Columbia businesses that were interested and active in South China's dynamic market.

The British Columbia Trade and Investment Office promotes British Columbia exports of goods and services and fosters the expertise needed to compete in export markets. The office also encourages foreign investment in British Columbia. For more information on programs to promote trade and investment, see Chapter 6.

United Nations International Climate Change Convention

In December 1997, the countries of the United Nations met in Kyoto, Japan to negotiate an international climate change treaty, known as the "Kyoto Protocol". This protocol sets emission limits for industrialized countries using a five-year commitment period that starts in 2008 for all developed countries. The United Nations Framework Convention on Climate Change is currently defining the important details of the protocol, particularly flexibility mechanisms (joint implementation, clean development mechanism and emission trading). Canada signed, but has not ratified the protocol. Canada's target is to reduce greenhouse gas emissions averaged over the commitment period, to 6 per cent below 1990 levels.

The British Columbia Greenhouse Gas Forum, a stakeholder consultation process providing climate change policy advice to government, reached a consensus that there needs to be a clearly defined, inclusive and consultative process for decision-making in Canada regarding ratification and implementation of the Kyoto Protocol. In the fall of 1998, the forum submitted its recommendations on implementing an early action plan to reduce greenhouse gas emissions to the Ministers of Environment, Lands and Parks and Energy and Mines. The first status report on implementation of these recommendations was released in February 1999 and periodic updates are expected to follow.

In December 1997, 15 national issue tables were formed with full participation of the provincial and territorial governments to provide expert and detailed input to the analysis, identification and assessment of greenhouse gas reduction opportunities. Final reports from each table are scheduled to be completed in the fall of 1999 and a report on the National Implementation Strategy will be submitted to the first ministers early in 2000. The provincial government is actively involved in this process with representation on 10 of the issue tables.

International Trade
Agreements

International goods exports account for about 25 per cent of British Columbia's gross domestic product, and they support a large portion of the province's total employment. Imports also play an important role in creating jobs, because much of this commodity inflow supports further production in the province. Many firms use imports, along with British Columbia's resources and workers, in value-added activities, which contribute to the province's economic growth. Therefore, the implementation and operation of international trade agreements have a major impact on British Columbia's economy.

*Multilateral
Agreement on
Investment*

In 1995, members of the Organization for Economic Cooperation and Development began negotiations for a multilateral agreement on investment (MAI). These negotiations ended in the fall of 1998 after the withdrawal of France, one of the participating countries. British Columbia expressed a number of concerns with MAI, including the broad definition of investment, the broad meaning of expropriation, inadequate protection for labour and the environment, problems of extending national treatment to subsidies, limitations of country-specific reservations, and the undemocratic, unaccountable investor-state dispute mechanism. In addition, proposed MAI rules could interfere with the province's ability to lever jobs and other local economic benefits from companies that develop publicly-owned natural resources.

British Columbia will continue to work to prevent the inclusion of MAI-style provisions in other international investment agreements. Beginning in September 1998, a legislative committee held public hearings on the MAI and related international investment agreements. The committee's first report was tabled in December 1998 and its second report was tabled in June 1999.

*Multilateral Trade
Negotiations/
World Trade
Organizations*

In 1986, the Uruguay Round of Multilateral Trade Negotiations (MTN), involving more than 100 countries who are signatories to the General Agreement on Tariffs and Trade (GATT), began to develop a more open and equitable world trading system. It was the largest and the most complex set of international negotiations ever undertaken.

The Final Act of the Uruguay Round, signed in April 1994 by 117 countries including Canada, established the World Trade Organization (WTO) to integrate GATT with a new General Agreement on Trade in Services and an agreement on Trade-Related

Aspects of Intellectual Property Rights. WTO and its constituent agreements came into force on January 1, 1995. Negotiations are continuing in a number of unresolved areas.

The provincial government welcomed this multilateral effort to lower barriers to international trade because British Columbia is a trading province. Overall, the province's trade interests will be advanced as further access to foreign markets is gained.

The WTO trade ministers will be meeting in Seattle, Washington, in late November 1999 to launch a new round of multilateral trade negotiations. The "Millennium Round" is likely to cover a broad range of trade and investment issues.

*North American
Free Trade
Agreement*

The North American Free Trade Agreement (NAFTA) and two parallel accords on labour and the environment came into effect on January 1, 1994. NAFTA extends the scope of the Canada/United States Free Trade Agreement to Mexico, and provides for freer trade in goods and services, with duties generally being phased out over 10 years.

While the federal government agreed to bind Canada with respect to measures under federal jurisdiction, it did not agree to bind the provinces because the parallel accords on labour and the environment involve subjects primarily within provincial jurisdiction. Negotiations aimed at reaching a federal/provincial/territorial agreement on co-managing the accords in Canada were held in July 1994. Most jurisdictions have not yet ratified the agreement (there is no time limit on ratification).

The provincial government generally supports efforts by the federal government to secure better access to foreign markets for Canadian exporters through its participation in international trade agreements. However, the provincial government opposed NAFTA and urged the federal government not to proclaim Canada's implementing legislation until concerns, such as establishment of trade rules governing subsidies and protection of water and other resources, were satisfactorily addressed.

*Canada/United
States Relations*

A number of treaties between Canada and the United States have a direct impact on British Columbia. The provincial government works to maintain a strong relationship with neighbouring states in many areas, including transportation, law enforcement, environment and other fields. British Columbia has, along with other provinces, committed to further development of international co-operative efforts, both formal and informal. The province is also a member of the Pacific North West Economic Region (PNWER) together with Alaska, Alberta, Idaho, Montana, Oregon and Washington State. PNWER's goal is to increase regional collaboration in areas of mutual interest regarding economic development.

*Pacific Salmon
Treaty*

In 1985, the Pacific Salmon Treaty was signed between Canada and the U.S. to provide for the conservation and equitable distribution of migrating Pacific salmon stock within the treaty area. In June 1999, after six years of numerous provisions that had expired, agreement in principle was reached between Canada and the U.S. on extending the treaty for a further 10 years (12 years for Fraser River sockeye and pinks). New arrangements include an enhanced role for the bilateral Pacific Salmon Commission, extending the treaty framework to include habitat protection and restoration arrangements, establishing two Treaty Endowment Funds to be funded by the U.S. and comprehensive new fishing arrangements. Analysis of materials provided by the federal government suggests that the new fishing arrangements do not result in a

reduction of the interception imbalance (previously, the lack of a treaty resulted in the U.S. increasing its interception of salmon returning to spawn in Canadian waters) or provide for an equitable sharing of the conservation burden. For example, threatened Canadian coho stocks are not given adequate protection from U.S. harvest, which means no easing of the severe restrictions on Canadian fishing opportunities needed to prevent extinction of these stocks. At the same time, threatened U.S. chinook stocks are given significant protection under the treaty.

Despite its absence from treaty discussions, British Columbia maintained its commitment to protecting this vital resource. In 1998/99, over \$150 million was committed to habitat restoration and stock enhancement. The province is also directing resources to address social and economic impacts of declining stocks, and is also introducing measures to balance the often conflicting demands on water control facilities, such as hydroelectric dams, with improved operational regimes to the benefit of fish stocks.

Softwood Lumber Agreement

Effective April 1, 1996, Canada and the U.S. signed a softwood lumber agreement. The agreement sets an annual lumber export limit to the United States of 14.7 billion board feet. Fees are levied on any exports over the limit. In return, the U.S. agreed not to take trade action against Canadian lumber exports during the five-year term of the agreement. However, the U.S. expressed concern about reduced stumpage fees charged to British Columbia forest companies introduced on June 1, 1998 (on average, stumpage rates were lowered \$8.10 per cubic meter on the Coast and \$3.50 per cubic meter in the Interior) and the status of drilled building studs under the agreement, and requested arbitration under the agreement. In August 1999, before the arbitration panel made its ruling, Canada and the U.S. reached a negotiated solution and agreed to increase fees for exports over British Columbia's annual lumber limit. The negotiated deal does not affect about 98 per cent of British Columbia exports covered by the agreement. Only the remaining 2 per cent of exports are subject to the higher negotiated fees.

Columbia River Treaty

The Columbia River Treaty, which was entered into by Canada and the U.S. in the 1960s, requires that the U.S. provide specified amounts of electricity to British Columbia (downstream benefits) in return for the storage and flow regulation provided by three dams on the British Columbia portion of the Columbia River. The treaty runs until at least 2024. Under a 1963 agreement with Canada, rights to the downstream benefits and obligations to build and operate the dams were transferred to British Columbia. The downstream benefits were sold in the 1960s to a group of U.S. utilities for 30 years, and revert back to provincial control in stages between 1998 and 2003.

In March 1999, Canada and the United States agreed on an exchange of notes, which is a treaty authorization to allow direct sales of downstream benefits to the United States. The federal governments also approved an enabling agreement that gives the provincial government the option to pick up power not required in British Columbia directly at the points of generation for sales in the U.S. market. These arrangements save both British Columbia and Bonneville Power Administration transmission costs associated with delivering downstream benefits to the border and resale back into the United States market.

Through the *Power for Jobs Development Act*, the provincial government makes some of the downstream benefits available to help industries create and preserve jobs in British Columbia. Several mining and mineral processing companies signed

memoranda of understanding for the use of power under the act. Since 1997, initiatives have resulted in \$68 million in new investment and 240 new jobs. Negotiations under the act with a number of other firms in the mining, oil, gas and high-technology sectors are ongoing.

Border Topics

British Columbia is engaged in several activities to facilitate crossing of and improve revenue collection of provincial taxes at the Canada/U.S. border.

- *In-transit pre-clearance* — a pilot project to pre-clear international air passengers en route to the U.S. was successfully undertaken by the province. The project greatly improved passenger connections and made Vancouver a more attractive route by which to enter the U.S. As a result of this project, federal changes in legislation in Canada and the U.S. were made to fully implement this system across Canada. Full pre-clearance procedures will also benefit rail and ferry passengers, particularly those using the Seattle-Vancouver Amtrak service.
- *Section 110* — British Columbia, along with other jurisdictions and organizations, continues to support the repeal of section 110 of the U.S. *Illegal Immigration Reform and Immigrant Responsibility Act of 1996*. Section 110 requires greatly increased record keeping on cross-border travel by non-U.S. residents, and if implemented, has the potential to cause extensive delays at Canada/U.S. border crossings.
- *International mobility and trade corridor (IMTC) project* — IMTC is a bi-national project that addresses border crossing issues in the Lower Mainland/Whatcom County region. Issues include expediting clearances through customs; financing road, rail and safety enhancements; developing joint operational procedures; expanding hours of operation and staff at border crossings; and establishing a cross-border forum of user groups and community leaders. British Columbia is seeking to promote safe and efficient transportation, trade and tourism between Canada and the U.S. by identifying and removing impediments to smooth cross-border flows.
- *Collection of provincial sales tax* — on September 1, 1999, provincial sales tax on personal goods delivered to residents by couriers and brought across international borders by returning British Columbia residents will be collected at the border by Revenue Canada. Tax is collected on the value of taxable goods that exceed federal personal exemption limits.

Other International Relations

British Columbia has cooperation and economic agreements with several sub-national entities around the world. In 1998, in partnership with the province of Eastern Cape in South Africa, a working visit was arranged in April to British Columbia, followed by three personnel secondments to Eastern Cape between September and December. Further exchanges are being planned for 1999 to bring South African public servants to work with their counterparts in British Columbia. The province has also been involved in other international discussions on the environment, forestry, health, transportation and investment. Further information can be obtained directly from responsible ministries.

Education

The Ministry of Education provides opportunities for British Columbia students and educators to be involved in international education programs. Through these programs, discussed further in Chapter 6, British Columbia's education and training expertise is extended to a global community and the education of all British Columbians is enhanced and enriched by the incorporation of a broader international view.

Federal-Provincial Relations

British Columbia is actively developing and pursuing policies to advance provincial interests and priorities in all federal/provincial matters, to harmonize federal/provincial activities in areas of shared jurisdiction, to bring greater accountability and stability to federal/provincial fiscal relations, and to strengthen national unity through reform and renewal of national social programs. In 1998, British Columbia, the other provinces and territories, and the federal government, finalized the Social Union Framework Agreement that begins a new era of intergovernmental cooperation and coordination. In addition, British Columbia joined other jurisdictions in reaching agreement on a national Health Accord and launching a joint consultative process for a National Children's Agenda.

Agreement on Internal Trade

In July 1994, an Agreement on Internal Trade was signed. The objectives of the agreement are to reduce and eliminate barriers to the free movement of persons, goods, services and investment within Canada, and to establish a more open, efficient and stable domestic market. The agreement reduces some specific barriers and provides a framework for future negotiations.

Under the agreement, British Columbia secured a code of conduct restricting the use of investment incentives. This is intended to preclude unfair enticement of investment from other provinces, and to ensure that the agreement does not lead to lower environmental, labour or consumer standards.

In current negotiations on procurement, British Columbia has refused to accept provisions for the MASH (municipalities, academic institutions, social services, schools and hospitals) sector that will impose undue administrative costs and burdens or adversely affect the province's ability to maintain and improve health and social services. British Columbia has also insisted on its right to continue to use purchasing by Crown corporations as a lever for regional and economic development.

Canada/
British Columbia
Infrastructure Works

In February 1994, the first phase of the Canada/British Columbia Infrastructure Works Program agreement (IWP1) was signed. Under the agreement, \$675 million (cost-shared equally by the federal government, the province and local partners) was provided for public infrastructure projects. The focus of IWP1 was water, sewer and local road projects, with a small component for cultural projects.

In April 1997, the provincial government signed an amendment (IWP2) to the original IWP agreement to increase program spending by an additional \$150 million. The main focus of IWP2 was road and transportation improvements with the remaining funds targeted towards telecommunications and cultural projects. Both phases of the program are fully subscribed and, in total, more than 600 projects were funded under the agreement and more than an estimated 11,000 jobs were created.

Social Union
Framework
Agreement

The "social union" initiative is the umbrella under which the federal, provincial and territorial governments work together to reform and renew Canadian health and social policy systems. In 1996, the Council on Social Policy Renewal was created to guide the social union initiative, including issues such as support for children in poverty and persons with disabilities.

In February 1999, governments with the exception of Quebec signed the Social Union Framework Agreement. Highlights of the three-year agreement include:

- elimination of any residency-based policies or practices that constrain access to post-secondary education, training, health care, social services and social assistance;

- establishment of public accountability measures including public recognition and explanation of the respective roles and contributions of governments;
- establishment of appropriate mechanisms for the public to appeal unfair administrative practices and bring forward complaints about access and service; and
- increased provincial input prior to the introduction of any new national initiatives in health care, post-secondary education, social assistance and social services that are funded through intergovernmental transfers. New national initiatives will not be introduced without the agreement of a majority of provincial governments. All provincial and territorial governments that meet the agreed Canada-wide objectives and agree to respect the accountability framework will receive their share of available funding. A provincial government offering a similar funded program can invest the federal transfer in a related priority area.

National Children's Agenda

In May 1999, the Council on Social Policy Renewal released two discussion papers — “A National Children’s Agenda: Developing a Shared Vision” and “Measuring Child Well-being and Monitoring Progress”, which explore ways in which government and Canadians can measure the progress of children and share ways to improve their well being.

The papers, which are the result of extensive consultations among federal, provincial and territorial governments and national aboriginal organizations, embody a consensus of views in the health, social services, education and justice areas. The papers form the basis of public discussion with Canadians. Views expressed during these public discussions, and results of various round tables set up with representatives from governments, stakeholders and the public, will go towards developing a comprehensive, long-term strategy to improve the well being of children.

National Child Benefit

In 1996, British Columbia implemented the BC Family Bonus Program, which provides a monthly subsidy for all low-income families with children. This program became one of the models used in establishing the National Child Benefit (NCB) supplement. Under NCB, implemented in July 1998, the federal government is providing an additional \$850 million per year for low-income families with children through the new Canadian Child Tax Benefit and will be providing a further \$425 million in 1999 and 2000. This federal funding provides a basic benefit for children across Canada, regardless of whether their parents are employed or receiving income assistance.

Most provinces, territories and First Nations governments are decreasing benefits for income assistance recipients by an amount equal to the federal payments (in British Columbia, the BC Family Bonus is being reduced). These funds are being re-invested into programs for low-income families with children that meet the NCB objectives of helping to prevent and reduce child poverty, and promoting family attachment to the workforce. The overall income for families on income assistance is being maintained.

Health Care Accord

In February 1999, all provincial premiers committed to reinvest additional federal transfer payments under the Canada Health and Social Transfer (CHST) to health care, according to each respective province and territorial health care priorities. In addition, all premiers confirmed their commitment to principles of the *Canada Health Act*.

In its 1999 budget, in accordance with the Health Accord, the federal government made substantial increases to the CHST, restoring some of the reductions that had been made to the CHST over recent years (discussed further in this chapter).

Canada/ British Columbia Agreement on Labour Market Development	<p>In April 1997, an agreement between Canada and British Columbia on labour market development was signed. The agreement provides for shared responsibility for employment benefits and support measures available under Part II of the <i>Employment Insurance Act</i>. Joint decision-making will occur in areas of planning, program design and priority setting for programs and clients. The federal government retains responsibility for delivering programs and for managing cross-Canada activities (such as national sectoral partnerships).</p> <p>The agreement guarantees that the federal government will spend \$1.5 billion on labour market development activities in British Columbia over five years from the date of the agreement. The agreement also reduces duplication of programs and services, and helps ensure that employment programs are designed to reflect the needs of unemployed British Columbians.</p>
Canada/ British Columbia Agreement for the Cooperation on Immigration	<p>In May 1998, Canada and British Columbia signed an agreement for cooperation on immigration issues. Under this agreement, the province assumes full responsibility for designing and delivering settlement and integration services and programs for newcomers (discussed further in Chapter 6). British Columbia also plays a larger role in consultations to determine immigration policy and planning, and to increase business immigration.</p> <p>The federal government maintains its role in setting national standards for immigration while allowing for more input from British Columbia through a formalized policy and planning process. Federal funding for settlement services and programs, totalling \$45.8 million in 1998/99 and 1999/00, will be transferred to the province. A business immigration pilot project will be launched to encourage business immigrants destined for British Columbia to make an exploratory visit to the province, and to attend business orientation seminars provided in the province.</p> <p>Other areas covered under the agreement include staff transfers, provincial nominees, overseas promotion and recruitment, information sharing and research, and plans to deter family sponsorship defaults.</p>
British Columbia House	<p>The province's presence in the nation's capital is maintained by British Columbia House. It represents the provincial government at certain federal/provincial meetings and provides contact and liaison with federal ministers and officials on provincial priorities. It also promotes the province's economic development and diversification interests, particularly in the area of federal procurement.</p>
Federal- Provincial Fiscal Arrangements	<p>The federal government supports various provincial programs through conditional and unconditional grants and, by agreement, collects provincial income tax.</p> <p>With regard to federal transfer payments to the provinces for health, post-secondary education and social services, 1999 marks a turning point in federal policy. Since 1982/83, the federal government has been unilaterally reducing these payments to the provinces. By 1998/99, these unilateral reductions cost British Columbia \$3 billion. In its 1999 budget, the federal government announced its intention to begin restoring funds cut from provincial transfer payments, specifically funding in support of provincial health programs, over the next four years.</p>
Canada Health and Social Transfer	<p>Prior to 1996/97, there were three major programs of federal transfers to the provinces: the Canada Assistance Plan (CAP) for income assistance and related social services; Established Programs Financing (EPF) for health care and post-secondary education;</p>

and equalization payments. Starting in 1996/97, CAP and EPF were combined into a single, smaller block fund called the Canada Health and Social Transfer (CHST). Equalization continues as a separate program.

As a block fund, CHST entitlements are not related to the level of provincial spending on health, post-secondary education and social services, and the federal government does not allocate funds among the three program areas. For example, provincial government spending in these areas totalled \$12.1 billion in 1998/99, while CHST transfers totalled only \$2 billion. Although provinces distribute the federal contributions according to their own spending priorities, the CHST is not an unconditional program. The federal government may withhold payments from provinces that violate the *Canada Health Act* (a condition previously attached to EPF transfers) or impose residency requirements on eligibility for income assistance (a condition previously attached to CAP transfers).

The transition to a single block funding was characterized by cuts in the level of transfer payments to provinces. By 1997/98, CHST cash transfer payments to all provinces were \$6.2 billion (or 33 per cent) lower than combined transfers just three years earlier. Between 1994/95 and 1998/99, British Columbia received a cumulative total of \$1.4 billion less in federal funding for health, post-secondary education and social services.

In its 1999 budget, the federal government signaled the end to transfer cuts by announcing three key changes to the CHST over the next four years:

- a one-time CHST Supplement for Health Care of \$3.5 billion. Funds will be available to provinces over a three-year period ending March 31, 2001, and provinces are free to choose the payment schedule for their share of the supplement. British Columbia's total share is estimated at \$471 million, of which \$350 million is included as revenue in the province's 1999/00 budget.
- CHST cash transfers will rise to \$15 billion from \$12.5 billion over a three-year period beginning in 2000/01. According to federal calculations, \$2.5 billion is the amount of the total \$6.2 billion CHST cut that is attributable to health care. This new funding will only restore health care funding to its 1994/95 level by 2002/03. The increase in health costs over this period resulting from population growth, increasing unit costs and an ageing population is ignored. British Columbia's share of the \$2.5 billion is estimated at \$340 million.
- more equitable allocation of the CHST among provinces. In particular, the effect of the "cap on CAP", an arbitrary restriction on transfers imposed on British Columbia, Alberta and Ontario since 1990, will be completely removed from the CHST allocation formula by 2001/02. Some provinces (including British Columbia) will see an increase in the CHST cash entitlement as a result of this change, while others will see a decrease.

Equalization

The federal government's equalization program provides cash payments to provinces with relatively low revenue-raising ability to help them maintain a reasonable standard of public services without unduly high tax rates. Under the program, each province's revenue-raising capacity is measured against the average of five representative provinces, and payments are made by the federal government to bring below-average provinces up to the five-province standard. British Columbia is one of the provinces included in the five-province standard, along with Ontario, Quebec, Manitoba and Saskatchewan. British Columbia does not qualify for equalization payments. The federal government will transfer an estimated \$9.3 billion in equalization payments to the Atlantic provinces, Quebec, Manitoba and Saskatchewan in 1999/00.

Other Federal Government Contributions	<p>The provincial government has agreements with the federal government in several other areas, including training, education for aboriginal children, youth corrections, employability assistance for persons with disabilities, immigration services and other programs. Most of these agreements are of limited duration. Federal government contributions to British Columbia for these programs totalled \$182 million in 1998/99.</p>
Tax Collection	<p>While provinces levy their own personal and corporate income taxes, most provinces, including British Columbia, have authorized the federal government to collect these taxes on their behalf. Nine provinces participate in the personal income tax collection agreement, and seven participate in the corporate income tax agreement. Quebec collects its own personal and corporate income taxes, while Ontario and Alberta collect their own corporate income taxes.</p> <p>Under the agreement between Canada and British Columbia, the province must adopt income tax legislation and regulations similar to those of the federal government. This reduces provincial government control over its own tax base. However, one advantage of having the federal government collect provincial taxes is that each taxpayer files only one tax return for payments of both federal and provincial income taxes.</p> <p>In December 1997, the federal and provincial finance ministers agreed to new guidelines that increase the flexibility for provinces to introduce tax credits and other measures. In addition, the federal government agreed to allow interested provinces to move to a system of imposing income tax rates on taxable income instead of the federal basic tax. This could provide additional flexibility for provinces to adopt measures tailored to their specific tax policy objectives. The earliest implementation date for this change is January 1, 2001.</p> <p>In 1998, the federal government introduced legislation to replace Revenue Canada with the Canadian Customs and Revenue Agency, a new Crown corporation. This legislation was passed in 1999 and the agency will assume responsibility for all existing Revenue Canada activities and will have some flexibility to collect additional provincial taxes on a contracted basis.</p>
Local Governments	<p>Local governments in British Columbia consist of incorporated municipalities, regional districts, school districts, regional hospital districts and special-purpose improvement districts.</p> <p>The 151 incorporated municipalities, which include 43 cities, 52 districts, 15 towns, 40 villages and one Indian government district, provide facilities such as roads, waterworks and sewers, as well as a wide range of social, recreation and protection services. (See Appendix A3.1 for population estimates of municipalities.)</p> <p>The 27 regional districts incorporated under the <i>Municipal Act</i>, including municipal and other local areas, provide services efficiently over a large area. Almost the entire province is included within regional district boundaries. Stikine is the only regionally unincorporated area in the province.</p> <p>There are 23 active regional hospital districts within the province, 14 of which correspond to regional districts boundaries. Established under the <i>Hospital District Act</i>, regional hospital districts are the financing agents for governments and hospitals in acquiring and constructing hospitals and hospital facilities.</p> <p>School boards, incorporated under the <i>School Act</i>, coordinate school administration in 59 school districts throughout the province. School districts usually cover municipal</p>

and non-municipal areas. In addition to school boards, a francophone education authority has responsibility for providing educational programs to francophone students within its territory.

There are 276 improvement districts, primarily in non-municipal areas, incorporated and governed under the *Municipal Act*. Services most commonly provided by improvement districts include water, fire protection, street lighting, garbage disposal, parks and playgrounds, dyking, community halls, cemeteries and mosquito control.

Municipal Finance Authority of British Columbia

The Municipal Finance Authority of British Columbia (MFA) is incorporated under the *Municipal Finance Authority Act* as a cooperative agency to provide financing of capital requirements and interim financing, pooled leasing and short-term investment opportunities on behalf of regional districts and municipalities in British Columbia. Recently, amendments to the act extended the interim financing and short-term investment programs to other public institutions in British Columbia.

All regional districts, their member municipalities (except the City of Vancouver) and three special-purpose improvement districts are required to finance their long-term capital requirements through the authority. The authority issues its own securities and lends the proceeds to the regional districts at whose request the financing was undertaken. The authority's bonds are rated AAA by Canadian Bond Rating Service and Aaa by Moody's Investors Service. (Credit agencies assign letter ratings to borrowers as a measure of their ability and willingness to pay interest and to repay principle. AAA and Aaa are the highest level of rating attainable.)

Obligations of the authority are neither obligations of, nor guaranteed by, the provincial government. The combined credit-worthiness of all the regional districts and their member municipalities, which together encompass almost all of the taxable land and improvements in the province, stands behind the authority's obligations. In addition, a debt reserve fund is maintained to satisfy obligations in the event that sufficient funds are not available to meet payments or sinking fund contributions. If the Board of Trustees of the authority is of the opinion that payments made from the debt reserve fund will not be recovered within a reasonable period, it will, and under certain circumstances must, levy rates on all taxable land and improvements in the province sufficient to restore the fund to its previous level.

During 1998/99, several debt administrative and reporting changes were undertaken by the provincial government. As a result of these changes, the MFA assumed a portion of existing British Columbia Transit debt related to transit operations in the Lower Mainland on behalf of TransLink, Vancouver's regional transportation authority (formerly known as the Greater Vancouver Transportation Authority). In addition, the MFA assumed responsibility for managing and financing the portion of debt for regional hospital districts that was partially funded through local property tax levies (except for the Greater Vancouver Regional Hospital District that is now included as part of the province's direct capital debt).

As of June 30, 1999, the outstanding long-term debt of the authority was \$3 billion, up \$743 million from last year, mainly due to the transfer of debt of TransLink and the regional hospital districts. The debt reserve fund balance was \$275 million, up \$48 million from the same period last year, mainly due to the transfer of debt.

The authority operates an interim financing program for regional districts and municipalities that provides temporary financing for capital projects, short-term debt of a capital nature and current expenditures, in anticipation of the receipt of tax

revenues. Participation in the program is voluntary. As of June 30, 1999, short-term debt outstanding was \$105 million, up from \$53 million last year.

The authority also operates three pooled investment funds (a bond fund, an intermediate fund and a money market fund) for the purpose of holding and investing money received from regional districts, municipalities and public institutions in British Columbia. Participation in the funds is voluntary. As of June 30, 1999, the net assets of these funds totalled \$600 million, down \$400 million from last year.

In 1995, the authority combined interim financing and pooled leasing into one program. All commonly leased assets from office equipment to rolling railway stock are eligible for financing under this program.

British Columbia Assessment Authority

In 1974, the British Columbia Assessment Authority (BC Assessment) was incorporated under the *Assessment Authority Act*. BC Assessment is an independent, publicly-funded corporation governed by a board of directors. The chief executive officer is the Assessment Commissioner. The Lieutenant-Governor in Council appoints both the board and the commissioner. BC Assessment has 24 area offices throughout the province and a head office in Victoria.

BC Assessment is responsible for establishing and maintaining an independent, uniform and efficient real property assessment system throughout British Columbia according to the *Assessment Act*. The act requires the authority to produce annual rolls with assessments at market value.

A new assessment roll is completed annually by December 31, based on the market value of properties as of July 1. Individual assessment notices are sent to all property owners at the beginning of each January. For example, an assessment notice issued in January 1999 estimates the property's value on July 1, 1998 and is used by tax authorities to determine 1999 property taxes. A common valuation date provides fairness and ensures an equitable base for property taxation.

The assessment roll, once certified by the assessor and authenticated by the Property Assessment Review Panel, is presented to tax jurisdictions (municipal and provincial governments) to form the basis of their tax rolls. Property valuation by BC Assessment is subject to legislated appeal procedures through the Property Assessment Review Panel and the Property Assessment Appeal Board.

BC Assessment also determines the appropriate classification for each property in British Columbia. There are nine classes of property for which different tax rates may be set. Table 5.1 shows the authenticated values for all property classes for the 1998 and 1999 assessment rolls (authenticated values include changes made through the Property Assessment Review Panel).

BC Assessment maintains an extensive and up-to-date information database on all properties in British Columbia that consistently exceeds international appraisal standards. In addition to providing information in the form of assessment rolls, BC Assessment also provides accurate property and value information through electronic database access, microfiche and custom reporting to property owners; municipal, provincial and federal government agencies; tax authorities through a program of information-sharing; realtors; appraisers; lawyers; bankers; title search companies; and others.

Table 5.1 1998 and 1999 Authenticated Assessment Roll by Property Classes as of July 1

Property Class #	Property Class Description	Authenticated Roll Totals		Change
		1998	1999	
		(\$ millions)		(per cent)
1	Residential	292,153	286,579	-1.9
2	Utility	16,130	16,184	0.3
3	Unmanaged forest	48	47	-1.8
4	Major industry	5,667	5,622	-0.8
5	Light industry	3,496	3,590	2.7
6	Business/other	75,976	77,647	2.2
7	Managed forest	984	1,014	3.1
8	Recreational/non-profit	11,100	10,988	-1.0
9	Farm	1,324	1,324	-0.1
	Total	<u>406,877</u>	<u>402,996</u>	-1.0

Note: Percentages may not calculate due to rounding.
Source: British Columbia Assessment Authority.

BC Assessment's operations are financed primarily through a province-wide levy on properties. Other revenue sources include the sale of property and value information services and products to various levels of government, the private sector, and national and international markets. BC Assessment is exploring opportunities for better public property information services and the potential to expand its revenue base.

Provincial/ Local Relations

The provincial government funds a number of programs for local governments including a grants program, grants in lieu of property taxes and a home owner grant program. In addition, significant financial contributions are made to school districts and regional hospital districts (see Chapter 6 for details).

Local Government Grants Program

The *Local Government Grants Act* provides part of a funding framework for provincial government support to local jurisdictions. The act establishes annual unconditional grants to municipalities and regional districts, and other grants to local governments and related organizations based on amounts appropriated by the government's annual *Supply Act*.

Community and regional district grants (formerly referred to as unconditional grants) totalled \$82.2 million in 1998/99, and are estimated to total \$42.5 million in 1999/00. Proposed 1999/00 funding for conditional grants (sewer, water, local government infrastructure and planning) is \$46.2 million. The provincial share of the Canada/British Columbia Infrastructure Works program in 1999/00 is estimated at \$4 million. Appendix A5.4 contains additional details on local government programs.

Grants in Lieu of Property Taxes

Under the *Municipal Aid Act*, the provincial government pays grants in lieu of property taxes on exempt Crown property. These grants are equal to the assessed value of the property, multiplied by the applicable municipal and regional district tax rates, including the debt service levy. Many provincial Crown entities also pay grants to municipalities in place of property tax. The method of calculation varies. In 1998/99, an estimated \$61 million in grants-in-lieu of taxes was paid by the provincial government, Crown corporations and other provincial bodies. This included \$36 million by the British Columbia Hydro and Power Authority and \$16.7 million by

the British Columbia Buildings Corporation on behalf of provincial government ministries. The principal examples of exempt property for which no grants are paid are hospital property and vacant land.

Provincial Home
Owner Grant

The provincial home owner grant program reduces property tax payable after an eligible homeowner has made a minimum payment. There are two levels of grant. In 1998, the basic grant is for up to \$470, after the eligible homeowner has paid a minimum of \$350 in property tax. The additional grant is for a total of up to \$745, after the eligible homeowner has paid a minimum tax of \$100. The additional grant applies to homeowners aged 65 years or over; those receiving an allowance or benefit under the *Disability Benefits Program Act (BC)*; to eligible persons with disabilities that qualify; to eligible persons receiving an allowance under the federal *War Veterans Allowance Act* or the *Merchant Navy Veteran and Civilian War-related Benefits Act*; and relatives of deceased owners who qualified under one of the above, in the year of the owner's death.

Entitlement to a grant begins to be phased out when a property's assessed value reaches \$525,000. The regular grant is eliminated entirely once the assessed value reaches \$572,000; the additional grant is eliminated once the value reaches \$599,500.

**Aboriginal
Peoples**

According to the 1996 Census, about 140,000 people in British Columbia are aboriginal, including North American Indian, Metis and Inuit. This represents 17.5 per cent of Canada's total aboriginal population. Of the 620 Indian bands in Canada, 198 (about 32 per cent) are located in British Columbia.

Treaty Negotiations

The provincial government is committed to a government-to-government relationship with First Nations in British Columbia. An integral part of the relationship is the negotiation of treaties.

The governments of Canada and British Columbia share the costs of treaty settlements in the province. The federal government bears primary responsibility for the cash portion of settlements. British Columbia bears primary responsibility for providing Crown land and resources. According to a March 1999 report prepared by Grant Thornton, an independent consulting firm, completing treaties to settle aboriginal land claims is estimated to generate a net financial benefit of between \$3.8 billion and \$4.7 billion over the next 40 years.

In 1994, a formal process for treaty negotiations in British Columbia, agreed to between the province, Canada and the First Nations Summit, began. The province anticipates that these negotiations will result in modern-day treaties defining the boundaries and nature of First Nations treaty settlement lands and rights, and ensure a more stable environment for resource development in British Columbia.

The British Columbia Treaty Commission, an independent body, facilitates treaty negotiations under a six-stage negotiation process. As of April 30, 1999, there were 51 First Nations groups in the process of negotiations representing two-thirds of the bands in British Columbia. In April 1999, a significant milestone was reached when an agreement in principle was signed with the Sechelt Indian Band, the first in the British Columbia Treaty Commission process. The agreement provides \$40 million to the Sechelt Prosperity Fund and \$2 million to a Sechelt Transition Fund and adds about 933 hectares of new lands (288 hectares of rural land and 645 hectares of urban land) to existing Sechelt lands of about 1,031 hectares. The Sechelt Indian Band will be able to acquire and add up to 1,066 hectares of new treaty lands within 24 years

after the treaty is in place. On one urban parcel, the band initially will share gravel and timber revenues equally with the provincial government. This share will later rise to 100 per cent when extraction levels reach a certain level. The Sechelt Indian Band governance arrangements, in place for 13 years, will continue after the treaty is signed.

As of June 1999, 37 First Nations were in the agreements in principle stage of negotiations. In August 1998, a Final Treaty Agreement was initialled by the negotiators for the province, Canada and the Nisga'a people in northwestern British Columbia. The treaty exhaustively defines Nisga'a aboriginal rights under the Canadian constitution and creates certainty with respect to Nisga'a rights, title and obligations. The Final Agreement has been ratified by the Nisga'a people, and passed into law in the provincial legislature. It must be enacted in the federal parliament before taking effect. The Nisga'a negotiations predated the British Columbia Treaty Commission process.

In addition to treaty negotiations, the provincial government is also working with aboriginal communities to transfer certain social programs to the control of First Nations agencies. For example, several First Nations assumed delegated responsibility for aboriginal child and family protection services.

Taxation

Under the federal *Indian Act*, Indian bands can receive authority to levy real property tax on both aboriginal and non-aboriginal occupiers of reserve lands. The province and local governments meanwhile continue to have the power to tax non-aboriginal occupiers of reserves.

To avoid the possibility of double taxation of reserve leaseholders, the provincial government's *Indian Self-Government Enabling Act* removes or reduces provincial and other local taxes from properties that are subject to an Indian band tax. The province has also made provisions, subject to the agreement of First Nations, for the continued availability of the homeowner grant for residents of reserve lands who pay property taxes.

Under terms of the Nisga'a Final Agreement, the province's first modern-day treaty, the Nisga'a government will have concurrent power to tax Nisga'a citizens on Nisga'a land. The income and sales tax exemptions now available for Nisga'a citizens under the *Indian Act* will be removed after a transition period. Similar provisions are expected in other treaties now under negotiation.



Chapter Six

Major Provincial Programs



Repelling from a helicopter during a RapAttack training session



Firefighting Crew during a RapAttack training session

Chapter 6 Major Provincial Programs

Introduction

The strength of a society depends on many economic, social and financial conditions. It also depends on the availability and quality of public goods and social services. Under Canada's constitution, the province is responsible for education, health, social services, municipal institutions, property and civil rights, and the administration of justice. The province also owns and has jurisdiction over natural resources. While the constitution defines the bounds of provincial activities, the design of institutions and programs to respond to social needs within these areas of jurisdiction has been influenced by the economy, geography, and natural and human history of the province.

Previous chapters have discussed the province's economic and financial conditions. This chapter describes the province's major programs, and is organized into five sections:

- social programs, including health, social services and education (beginning on page 159);
- protection of people, property and the environment (beginning on page 186);
- natural resource development (beginning on page 195);
- business and trade development (beginning on page 204); and
- commercial and financial regulation (beginning on page 208).

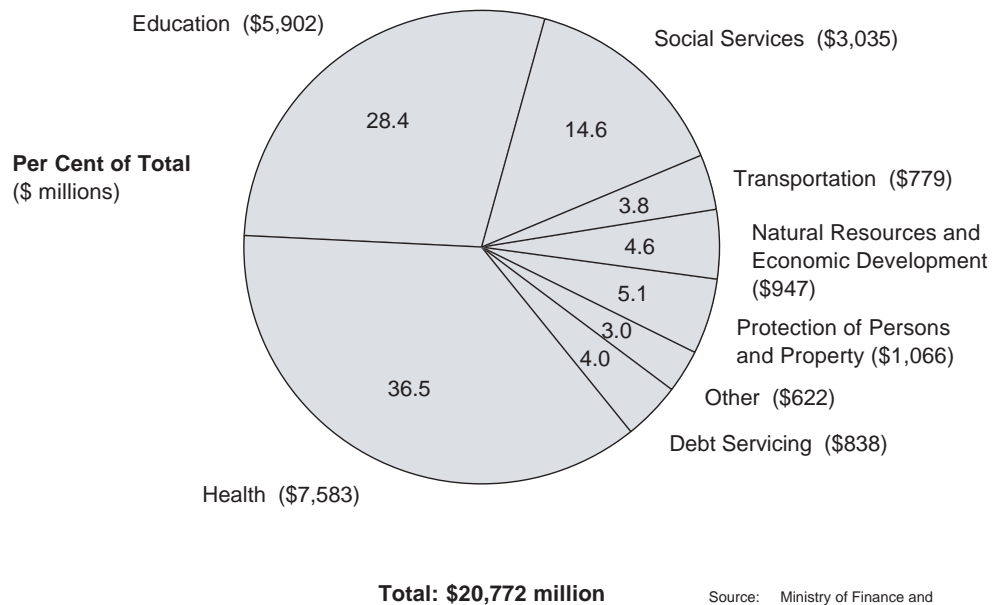
Appendix 6 summarizes major provincial programs. More detailed information about specific programs may be obtained directly from the ministries or agencies responsible for the programs. Appendix 9 provides a phone list of government agents offices across the province. Appendix 10 provides a phone list of ministry contacts. Information about many provincial programs and initiatives is also available on the Internet (see Appendix 11). The address for the British Columbia government Internet home page is <http://www.gov.bc.ca/bchome.html>.

Social Programs

The provincial government provides social programs in the areas of health, income support, housing, education, skills development, labour services, aboriginal programs, culture and immigration services. Social programs respond to the needs of British Columbians as patients, students, families and workers. Social programs ensure that those in need have access to the necessities of life and encourage the full participation of citizens in society.

Health Programs

As shown in the following chart, spending on health care accounted for over a third of total provincial expenditures. Total spending on the province's health programs during 1998/99 was \$7.6 billion.

Chart 6.1 Expense by Function, 1998/99

Regionalized Health Care System

In 1997/98, responsibility for the delivery of health services was transferred to 11 Regional Health Boards, 7 Community Health Services Societies and 34 Community Health Councils. Services provided by these health authorities include acute care, continuing care, mental health services and public health programs totalling \$4.2 billion.

In the context of a regionalized health care system, the role of the Ministry of Health is to fund health authorities and monitor, evaluate, and support their performance in delivering and managing health care services. With a few exceptions, the Ministry of Health has withdrawn almost entirely from the direct provision of services to British Columbians. The Ministry of Health remains responsible for the Medical Services Plan, Pharmacare, Vital Statistics and the ambulance service.

Acute and Continuing Care

During 1998/99, \$4.1 billion was spent on the following acute and continuing care programs, the majority of which was funded through health authorities.

- Acute care hospital contributions funded the operating and equipment costs of 134 facilities throughout British Columbia, including acute care hospitals, extended care hospitals, and diagnostic and treatment centres. Funds are provided for acute and tertiary services, and special programs. Payments are also made to out-of-province hospitals for services provided to British Columbia residents.
- Special programs/other funded agencies provide funding for the Arthritis Society, Canadian Blood Agency, Canadian Blood Services, Canadian Red Cross, Health Employers Association of British Columbia, British Columbia Health Care Risk Management Society, British Columbia Rehabilitation Society, Provincial Renal Agency, British Columbia Drug and Poison Information, British Columbia Reproductive Care Program, Screening Mammography Program of British Columbia, British Columbia Cancer Agency, British Columbia Transplant Society, Healthcare Labour Adjustment Agency and other specialized programs.

- Continuing care residential services provide residential care and support for physically and mentally infirm persons, most of who are elderly and can no longer function independently due to chronic health-related disabilities. Most of these residential services are provided in long-term care facilities, although group homes and family care homes are also used.
- Continuing care community support services provide home support, adult day care and meals-on-wheels. Home support provides in-home services to persons (mostly elderly) that have health-related problems that restrict their ability to independently perform basic daily living tasks. Adult day services organize and supervise social and recreational activities in group settings. Meals-on-wheels delivers meals to the homes of persons who are unable to cook and/or buy groceries for themselves.
- Continuing care direct services provide home nursing care, long-term care assessment and case management, and community rehabilitation. Home nursing care enables people to remain in their homes during an acute, chronic or terminal illness. Long-term care assessment and case management help to ensure that the level and type of long-term care provided match an individual's specific care needs. Community rehabilitation involves consultation, occupational therapy and physiotherapy for persons with functional disabilities.

During 1998/99, \$327 million was spent on the following Adult Mental Health programs.

- Adult and seniors mental health services provide assessment, treatment and community support services for adults and seniors with serious and persistent mental illness. Inpatient and outpatient services such as counselling, medication management, rehabilitation, housing and family support programs are provided through health authorities and Riverview Hospital.
- Forensic psychiatric services provide psychiatric assessment and treatment services to individuals with apparent mental disorders who are in conflict with the law, generally in response to an order by the courts. Adult inpatient services are provided at the Forensic Psychiatric Institute, Riverview Hospital and the Vancouver Pretrial Centre, as well as on an outpatient basis and via travelling clinics throughout the province.

*Public and
Preventive Health*

During 1998/99, \$138 million was spent on the following public and preventive health programs.

- Regional public health services provide a variety of services, including speech and audiology, dental, environmental health inspections of food premises and water supplies, preventive health, community facility licensing, tobacco reduction programs and community living health services to assist adults with mental disabilities remain in their home communities. Funding was also provided for the operations of the British Columbia Centre for Disease Control, which coordinates health services for the control of communicable diseases, including sexually transmitted diseases, HIV/AIDS and tuberculosis, and manages the provincial laboratory.
- The Health Protection and Safety Division provides support and consultation services to health authorities.

*Medical Services
Plan*

Comprehensive medical care coverage is offered through the Medical Services Plan (MSP). The plan also covers supplementary services provided by chiropractors, optometrists, physiotherapists, massage therapy practitioners, podiatrists, naturopaths and specific oral surgery procedures performed in hospitals. The plan is administered

by the Medical Services Commission, which consists of nine members, equally representing practitioners, the general public and government.

MSP expenditures during 1998/99 totalled \$1.8 billion. Subscriber premiums funded about half of this expenditure, with the rest being funded from general provincial revenue. Premium assistance is also provided to lower-income persons and families.

During 1998/99, MSP expenditures were allocated as follows:

- \$1.7 billion was paid to physicians and surgeons including \$1.5 billion in fees for service, \$130 million for salaried physician sessions, \$9 million for the rural physician program and \$58 million to the physicians' education, disability, liability and pension funds;
- \$126 million was paid to supplementary benefit practitioners; and
- \$27 million was spent on program management.

Pharmacare

The Pharmacare program subsidizes costs of a variety of prescription drugs and related items, such as insulin and specific medical items for diabetics, some orthotics and prosthetics, and approved home oxygen systems. Expenditures for this program were \$504 million during 1998/99.

Most British Columbians are eligible for compensation for 70 per cent of expenditures in excess of \$800. Personal costs are limited to a maximum of \$2,000 per family unit per year, beyond which Pharmacare covers 100 per cent of costs. For families receiving MSP premium assistance at the time the prescription was dispensed, Pharmacare pays 100 per cent of drug costs in excess of \$600 incurred during the year.

Seniors (ages 65 and over) receive free drugs and supplies, but are required to pay associated dispensing fees to an annual maximum of \$200 per person. Residents of licensed long-term care facilities and private hospitals, medically-dependent children under the at-home program, clients of the home oxygen program and eligible income assistance recipients receive program benefits at no personal cost.

Emergency Health Services Commission

The Emergency Health Services Commission provides ambulance service and pre-hospital care throughout the province. During 1998/99, 936 full-time and 2,365 part-time paramedics and dispatchers worked from 423 ambulances and 33 support vehicles based in 194 ambulance stations. Dispatches consisted of 389,030 ground ambulance trips and 6,214 air ambulance trips. Emergency health services expenditures totalled \$138 million in 1998/99.

Vital Statistics

The Vital Statistics Special Operating Agency administers the *Vital Statistics Act*, *Name Act* and Part II of the *Wills Act* including the registration of vital events and name changes.

In 1998, the agency registered 42,909 births, 27,791 deaths, 21,749 marriages and 50,347 will notices, issued 215,028 certificates and performed 13,178 will searches. The agency also maintains a health status registry of genetic birth defects and disabling conditions, performs research using vital statistics records and provides assistance to genealogical researchers. These services are available at offices in Victoria, Vancouver, Kelowna and Prince George, as well as through a regional network of district registrars and marriage commissioners and issuers of marriage licences.

<i>Additional Health Services</i>	A range of essential health services is also provided to eligible recipients of income assistance. These services include medical equipment and supplies, medical transportation, and optical and dental services. In 1998/99, the ministry spent about \$55.5 million on these programs.
<i>British Columbia Health Research Foundation</i>	The British Columbia Health Research Foundation provides grants for research projects and human resource development. Grants are awarded for university and hospital research in three broad areas — population health, health services and clinical care, and basic biomedical science. Community-based research is supported through grants for research projects on community issues and through training support to develop research skills. In 1998/99, the foundation awarded 85 grants worth \$3.5 million.
Social Services	The provincial government provides social programs in the area of income support to those in need and community-based support services such as hostels and emergency shelters. Total expenditure during 1998/99 was \$1.6 billion. Services are also provided to children, families, persons with developmental or multiple disabilities, and youth, adults and seniors who misuse alcohol or other drugs. Total expenditure on services to children and families was \$1.5 billion in 1998/99.
<i>Income Support</i>	Income assistance is provided to eligible British Columbia residents 25 years of age and over who cannot provide the necessities of life for themselves and their dependents. Eligible youth between the ages of 19 and 24 receive a youth allowance while participating in job search or education and training programs. Benefits are also provided for eligible persons with disabilities. Total expenditure in 1998/99 was \$1.3 billion.

In March 1999, assistance in either form was provided to 275,243 individuals (167,701 cases with 107,542 dependents). Table 6.1 provides a breakdown, by family type, of the total income assistance caseload.

Table 6.1 Income Support Caseload at March 31

Category	1996	1997	1998	1999	Change 1998-1999
					(per cent)
Single Men.....	86,746	78,142	73,273	67,560	-7.8
Single Women.....	41,637	38,964	38,198	36,900	-3.4
Child with Relative.....	4,176	4,150	4,391	4,396	0.1
Couples.....	8,823	8,136	7,739	7,380	-4.6
Two-Parent Families.....	16,253	13,090	11,552	10,119	-12.4
One-Parent Families.....	57,047	48,760	44,551	41,346	-7.2
Total Income Support.....	<u>214,682</u>	<u>191,242</u>	<u>179,704</u>	<u>167,701</u>	-6.7

Source: Ministry of Human Resources.

BC Benefits Program Since the introduction of BC Benefits in 1996, the number of income assistance cases managed by the ministry declined 21.9 per cent to 167,701 in 1998/99. BC Benefits includes four major programs:

- the Family Bonus program provides a monthly subsidy for low and modest income families with children;
- the Healthy Kids program provides dental and vision care benefits for children in low-income families;

- the Youth Works program provides support for young people as they participate in job search and work preparation programs; and
- the Welfare to Work program provides access to job search, work preparation and work experience or training programs for employable adults ages 25 and over, subject to availability.

The Youth Works and Welfare to Work programs are also discussed in the skills development section found later in this chapter.

*Emergency
Social Services*

The Emergency Social Services (ESS) program coordinates the work of 5,500 volunteers in 120 communities who deliver essential services to individuals and families forced from their homes during the first 72 hours of emergencies such as urban fires, floods, landslides, blizzards and gas leaks. Total direct expenditures in 1998/99 were \$1 million. During 1998/99, the largest incident ESS assisted with was the forest fire near Salmon Arm in August 1998, where 7,000 people were evacuated from their homes.

In addition, \$10.6 million was provided for 36 hostels and 20 emergency shelters in 1998/99.

*Prevention,
Compliance and
Enforcement
Division*

Income support programs are intended to be used only by those who truly cannot support themselves. The objective of the Prevention, Compliance and Enforcement Division is to reduce fraud and abuse of income support programs. In 1998/99, 11,449 investigation files were opened, 214 charges were laid and 173 convictions obtained.

*Child and Family
Services*

The Ministry for Children and Families provides services to children, families, persons with developmental disabilities, and youth, adults and seniors who misuse alcohol or other drugs. Services provided include family support, child care, child protection, adoptions, mental health and youth justice programs. Total expenditures on services for children and families totalled \$1.5 billion in 1998/99.

The ministry's focus is to provide child-centred, integrated services that promote and protect the healthy development of children and youth while recognizing their attachment to family and community. Service delivery is structured on a local level in 11 regional operating agencies to ensure that programs and services are responsive to the needs of children, youth and family in their communities.

Services are provided by 4,148 direct ministry staff working collaboratively in multidisciplinary teams in about 300 offices throughout the province, and by about 20,000 people who provide services on the ministry's behalf.

Services for Children

The following services are provided to children.

- Child protection services are provided by community social workers who work with families, foster parents, contracted agencies, other ministry staff and community partners to protect children. These services include investigation of reports of child abuse or neglect, protective family services to children in their own homes, support and counselling services to parents, placement of children in foster care or group homes and provision of services for children in ministry care.
- Services for children with special needs promote healthy development of children and youth, and provide support to their families. Services provided include assessment and intervention; purchase of medical equipment and supplies; and

home support and respite services for families. Summer programs, which assist students with special needs to maintain skills learned during the school year, are also available. In 1998/99, over 10,000 children with special needs received these services.

- School-based equity programs ensure that students from low-income families who are at risk receive the support needed to succeed academically and to develop the social skills and confidence needed to function in society. These programs include the School Meals program (based on the premise that hungry children are unable to learn and cannot concentrate on their school work) and the Inner City School program (which provides support to children of low-income families living in potentially dangerous urban environments). Other school-based programs include the Community Schools program, Healthy Schools program and the Summer Education/ Provincial Resource program. Expenditures totalled \$45.2 million in 1998/99 (including youth school-based support services described below).
- Prevention services include public health nursing, speech, audiology, nutrition and dental services to communities, groups, families and individuals. Programs include screening, assessment and early support services; therapy, parenting support, home visits and clinic services; referrals to other community providers; and participation in planning services for individuals and families. Services focus on key transition periods such as pregnancy, the newborn period, early childhood and school-age periods. Community involvement and contribution to healthy growth and development is also emphasized. Communicable disease prevention through immunization and public education is also provided. Expenditures totalled \$84.4 million in 1998/99, including \$11.9 million for the Healthy Kids program (which provide basic dental and optical care benefits to children of employable income assistance clients and low-income working families enrolled under the Medical Services Plan premium assistance program).
- Mental health services provide assessment and treatment for children and youth suffering from mental illness or behaviour disorders, or who are survivors of abuse and trauma. In addition, specialized services provide crisis response and suicide prevention counselling, and sexual abuse intervention. In 1998/99, \$17.2 million was spent on child and youth mental health services.

Services for Families Services are delivered directly to families and funds are provided to contracted agencies to enable families to secure the support that they need. Services range from prevention and early support to intensive treatment and residential facilities.

- Children and family support programs are designed to reduce the number of children coming into the province's care by helping families acquire skills, achieve specific goals and address factors that affect parenting abilities. Programs include Parents Together (parent self-help groups), family enhancement worker programs, family preservation programs, homemaker/home support workers and respite. In 1998/99, the government spent \$74.3 million on family support services.
- Child care programs assist communities to improve the quality, affordability and accessibility of child care services. Forty-five per cent of children under the age of 13 in British Columbia have child care arrangements that extend beyond the primary caregiver (usually the mother). Programs include child care resource and referral services; compensation contributions for child care workers; emergency repair, replacement and relocation grants; education-based young parent services; and child care subsidies. In 1998/99, \$181.9 million was spent on child care programs.

- Adoption services secure families for children who require permanent adoption homes. Services are provided to birth parents, prospective adopting parents and adopting parents. Services include post adoption assistance, post placement support, adoption openness, and search and reunion for adopted adults. Adoption services are provided by the ministry, licensed agencies, five community organizations and volunteer groups. In 1998/99, the provincial government spent \$3.1 million on adoption programs.
- Alcohol and drug services provide a range of substance misuse services to youth, adults and seniors through a combination of government and non-government organizations. Services are available throughout the province and include outpatient services, withdrawal management services, day programs, residential treatment, supportive recovery services and school-based prevention programs. Total expenditures during 1998/99 for contracted agencies were \$41.6 million. Additional services are provided directly by ministry staff.

Services for Youth

In addition to services available to both children and youth, such as mental health, and alcohol and drug services, specific services are provided to youth. Youth are supported in a variety of social circumstances including those who are still connected to their families, have lost connection with their families and communities, or who are at risk.

- Direct services for youth include mediation services to resolve family conflicts; the Reconnect program, which provide intervention and support services for street youth; At Risk Minors services that provide assistance to at-risk minors to achieve independence through life skills and educational programs; short-term emergency accommodation for youth who are at risk; the Vancouver Action Plan that help youth involved in the sex trade to leave the streets; and school-based support services that provide school-based child care workers to help youth who are experiencing difficulties in school.
- Youth forensic psychiatric services provide court-ordered and court-related assessment and treatment for young offenders. Intensive residential care and treatment for psychiatrically ill youth are also provided through the Maples Adolescent Treatment program. In 1998/99, \$20.2 million was spent on forensic psychiatric services.
- Youth justice programs provide probation and custody services to young offenders (ages 12 to 17) who are subject to a court order under the *Young Offenders Act*. Programs include youth custody centres, probation officers and contracted residential and community-based services. Expenditures on these programs totalled \$37.4 million in 1998/99.

Services for Seniors

The provincial government provides a variety of programs for senior citizens that support and enhance their independence, well being and health.

- The seniors supplement provides a guaranteed minimum income for seniors receiving the federal government's old age security, guaranteed income supplement and spousal allowance payments. As of March 31, 1999, recipients totalled 37,000. Expenditure for the program was \$18 million in 1998/99.
- Bus passes are subsidized to aid and encourage the mobility of eligible low-income senior citizens and recipients with disabilities. In 1998/99, about 40,000 people received subsidized bus passes, of which about 25,000 were seniors. Net program expenditure totalled \$11.1 million in 1998/99.

- The Property Tax Deferment program allows senior citizens, widowed and some homeowners with disabilities to defer payment of annual property taxes on their home. In 1998/99, there were 9,969 senior homeowners registered. Deferred taxes and interest totalled \$110.1 million.
- The Senior Citizen Counsellor program enables volunteer senior citizens to provide other seniors with information on community services and programs, as well as emotional support and counselling. In 1998/99, 176 counsellors served an average of 7,000 seniors each month. Program spending totalled \$0.3 million in 1998/99.
- Shelter Aid for Elderly Renters (SAFER) provides cash assistance to persons age 60 and over who pay more than 30 per cent of their gross income in rent. About 12,500 seniors qualify monthly. Expenditure for the program, operated by the British Columbia Housing Management Commission, an agency of the Ministry of Employment and Investment, was \$21 million in 1998/99.

*Services for Adults
with Developmental
Disabilities*

Societies, agencies and individuals are contracted by government to provide programs that offer training and support for adults with developmental disabilities, and help them to live as independently as possible in the community. In 1998/99, about 7,800 adults received these services. The government also works with societies and agencies, both private and non-profit, to develop community residences for adults. In 1998/99, over 5,000 adults received community-based residential support and care. Expenditures for residential services, training and support totalled \$360.5 million in 1998/99.

*Office for
Disability Issues*

The Office for Disability Issues (ODI) is responsible for coordinating policy, legislation services and program initiatives across government that affect persons with disabilities, and provides a stronger voice in government decision making for people with disabilities. Coordination efforts focus on three key areas — education, training and employment; community living support; and transportation. ODI's budget in 1998/99 was \$595,000.

Women's Programs

The Ministry of Women's Equality works closely with other ministries to ensure that issues relating to women's equality are reflected in policy, legislation, services and programs across government. The ministry focuses on three goals — economic security for women and economic equality between women and men; prevention of violence against women; and a health care system that is respectful and responsive to women's needs.

Most of the ministry's resources are allocated to Stopping the Violence programs that support community-based violence prevention initiatives and fund services for women who have experienced abuse. In 1999/00, the ministry will fund 86 transition houses, safe homes and second-stage houses that provide temporary shelter for women and their children leaving abusive relationships. The ministry also funds 79 counselling programs in over 100 communities for women who have experienced violence and 37 women's centres to work with communities in planning and providing services to women.

The ministry also funds violence prevention programs with other government ministries. These programs include the Aboriginal Family Violence program, sexual assault/women's assault centres and intervention programs for abusive men.

In addition to providing programs for women who have experienced violence, the ministry also works to stop violence before it starts. In January 1999, the ministry and the British Columbia Association of Broadcasters launched a 10-year media campaign on preventing violence. The Live Violence Free public education strategy includes radio, television and print advertising designed to bring attention to the issues of violence and to challenge people to get involved in prevention activities. The first year of the campaign focused on violence against women; over time, the campaign will focus on preventing violence against other vulnerable individuals. Information about the program is available toll free from 1-888-606 LIVE.

The ministry recognizes that women face barriers that limit economic opportunities. Therefore, the work toward economic equality for women includes establishing partnerships with other ministries or agencies to support women entering non-traditional professions or trades. For example, funding was provided to the Society for Canadian Women in Science and Technology for development of a British Columbia chapter of the Canadian Association for Girls in Science, to encourage young women to pursue science careers.

The ministry also works with the Ministry of Health and the Women's Health Bureau to develop partnerships with health providers to ensure that women's needs are considered in research projects, service delivery methods and response procedures for preventing violence against women.

Housing Programs

HOMES BC, the provincial housing program, assists non-profit societies and cooperatives develop and manage affordable housing for families, seniors, low-income single people and individuals who are homeless or at risk of homelessness. The program supports local innovation and creativity and offers non-profit groups the flexibility to develop their own solutions to community housing needs.

There are four components to the HOMES BC program:

- community housing initiatives assist non-profit community groups to increase access to affordable housing through education, research and advocacy;
- non-profit housing for families, seniors and people with disabilities, which assists non-profit and cooperative societies to develop mixed income social housing;
- homeless/at risk housing assists non-profit groups to provide second-stage housing for at risk individuals such as street-involved youth, women leaving abusive situations, individuals at risk of becoming homeless and people with mental illnesses who can live independently with limited support services; and
- housing for lower-income urban singles that pursues demonstration projects to preserve and replace single room occupancy hotels that serve many lower-income urban singles.

For more information on HOMES BC see Appendix A6.1.

In addition, a number of federal and federal/provincial programs provide subsidies to housing developments for families with children, seniors and persons with disabilities. The British Columbia Housing Management Commission directly manages 7,950 federal/provincial subsidized rental units, provides subsidies and administrative oversight for about 26,650 private non-profit and cooperative housing units, and builds and manages special purpose group homes (see also Chapter 7). The government also acquires, services and develops land for social housing and group homes through its holding company, the Provincial Rental Housing Corporation.

Education Programs Provincial government expenditure for education programs during 1998/99 was \$5.9 billion. Education programs in British Columbia are provided by two ministries: the Ministry of Education, which is responsible for primary and secondary education; and the Ministry of Advanced Education, Training and Technology, which is responsible for post-secondary education.

Public Schools The public school system is a free, universal, secular system that encompasses all grades from kindergarten to grade 12. Public school education is offered through attendance at public schools or by home schooling, distance education and education provided in correctional or other institutions. Attendance is compulsory for children between 5 and 16 years of age. The length of the 1998/99 school year, as measured by the number of days in a session, was 192 days. During the 1998/99 school year, 614,458 pupils (down 1,522 from last year) were taught in 1,195 elementary schools and 581 secondary and combination schools.

Table 6.2 provides a breakdown of elementary and secondary school enrolment. Table 6.3 provides a breakdown of the number of schools in British Columbia. Since the 1989/90 school year, total enrolment increased 19.8 per cent — elementary enrolment rose 11.1 per cent and secondary enrolment by 34.1 per cent. During this time, the total number of schools increased 11.8 per cent.

Table 6.2 Public School Enrolment (Headcount)

School Year	Enrolment			Change (per cent)
	Elementary	Secondary	Total	
1989/90.....	319,690	193,236	512,926	2.6
1990/91.....	323,272	196,686	519,958	1.4
1991/92.....	336,056	203,244	539,300	3.7
1992/93.....	342,129	212,461	554,590	2.8
1993/94.....	347,524	221,144	568,668	2.5
1994/95.....	353,760	229,021	582,781	2.5
1995/96.....	357,296	237,477	594,773	2.1
1996/97.....	359,647	247,997	607,644	2.2
1997/98.....	359,908	256,072	615,980	1.4
1998/99.....	355,320	259,138	614,458	-0.2

Source: Ministry of Education.

Table 6.3 Number of Public Schools

School Year	Number of Schools			Total	Change (per cent)
	Elementary	Secondary	Other		
1989/90.....	1,137	325	127	1,589	1.7
1990/91.....	1,143	317	156	1,616	1.7
1991/92.....	1,155	327	148	1,630	0.9
1992/93.....	1,167	331	147	1,645	0.9
1993/94.....	1,181	343	139	1,663	1.1
1994/95.....	1,181	342	151	1,674	0.7
1995/96.....	1,188	362	147	1,697	1.4
1996/97.....	1,201	337	195	1,733	2.1
1997/98.....	1,199	337	201	1,737	0.2
1998/99.....	1,195	349	232	1,776	2.2

Source: Ministry of Education.

The public education system in British Columbia is currently made up of 59 school districts, each with an elected board of trustees that governs under the *School Act*, and the Conseil Scolaire Francophone de la Colombie-Britannique (formerly known as the Francophone Education Authority).

Block funding is the method used to calculate the government's annual financial allocation for public school education. The government establishes an average per pupil amount each year, which is multiplied by total actual enrolment to establish the block of funds for public education. The average per pupil amount may be adjusted each year to reflect economic changes and can also be adjusted to reflect significant changes in program requirements. The average per pupil amount for 1998/99 was \$5,849, up 1.6 per cent from last year.

The allocation to each school district varies depending on the relative cost of program delivery. The allocation is designed to ensure equitable public education programs in all 59 school districts. School boards wishing to spend more than their approved budgets must seek taxpayer approval through local referendums to access additional residential school property taxes.

During 1998/99, expenditure for public school education exceeded \$3.9 billion, and included contributions to school district operating budgets of \$3.5 billion through block funding, and contributions of \$398 million for the provincial share of interest and sinking fund charges for capital construction projects and equipment purchases.

Accountability mechanisms for the public school system include performance measurement through provincial Grade 12 examinations, national and international assessments, school accreditation, provincial assessments in grades 4, 7 and 10, the ministry's annual report, school district annual reports and annual accreditation reports. Minimum spending targets are set for special and aboriginal education, and maximum amounts are specified for school district spending on administration. School boards are held accountable for their expenditures of public funds through annual financial and enrolment audits, and through the annual budget process.

Information on the British Columbia school system, with a breakdown by school district or authority, can be found by visiting the ministry's web site (see Appendix 11 for web site addresses).

Special Education

In 1998/99, about \$408 million was allocated to provide support services to students with a range of special needs in the public school system. In the 1998/99 school year, 11 per cent of total student population was enrolled in special education programs. Total enrolment in special education programs increased to 67,743 students in 1998/99, up 2.7 per cent from the year before and up 28,322 students from 1989/90. A further \$25 million supported students in provincial programs in treatment centres, hospitals, containment and attendance centres, and in the Provincial School for the Deaf. Provincial services for technology-dependent students, and the provision of alternate format materials for blind students and auditory training equipment for students who are hard of hearing, accounted for another \$3.5 million.

English as a Second Language

The student population in British Columbia is diverse, representing almost every country in the world. In 1998/99, 76,917 students received English as a second language (ESL) instruction, down 2.1 per cent from last year. Over \$72 million in supplemental funding was provided to school districts to support these programs. The province also works with school districts to support multicultural and anti-racism initiatives.

Table 6.4 shows ESL enrolment since the 1989/90 school year. Almost 90 per cent of ESL enrolment is located in eight Lower Mainland school districts.

Table 6.4 English as a Second Language Enrolment

School Year	ESL Enrolment (headcount)	Change (per cent)	Share of Total Enrolment (per cent)
1989/90	23,080	14.0	4.5
1990/91	34,176	48.1	6.6
1991/92	40,538	18.6	7.5
1992/93	50,596	24.8	9.1
1993/94	55,864	10.4	9.8
1994/95	62,147	11.2	10.7
1995/96	67,058	7.9	11.3
1996/97	71,371	6.4	11.7
1997/98	78,571	10.1	12.8
1998/99	76,917	-2.1	12.5

Source: Ministry of Education.

Conseil Scolaire Francophone de la Colombie-Britannique Section 23 of the Canadian Charter of Rights and Freedoms guarantees an education in the French language to the French speaking minority living in British Columbia. In an effort to meet British Columbia's constitutional obligations under the Charter, the province created the Conseil Scolaire Francophone de la Colombie-Britannique (formerly know as the Francophone Education Authority) in 1995. The Conseil Scolaire manages and delivers francophone education to eligible students throughout the province.

Independent Schools Independent schools must meet the requirements of the *Independent School Act* to receive provincial funding. During the 1998/99 school year, there were 351 registered independent schools, with a total enrolment of about 59,600 pupils, up 1.9 per cent or 1,100 pupils from last year. The provincial government provided grants totalling \$139 million to support the operating costs of 301 funded independent schools with about 51,610 full-time equivalent students.

Provincial Learning Network and Open School The provincial government will invest \$123 million over six years to bring educational programs to students through a telecommunications network that will link all provincial public schools, colleges and institutes. The network is designed to link students and educators in about 1,700 public schools, 22 post-secondary institutions and 20 community skills centres, and it will increase the range of kindergarten-to-grade 12 courses available in small and remote schools. It is designed to extend programs to students not traditionally served by post-secondary institutions, increase student and teacher access to learning resources, and increase student and worker access to career information.

International Education — School Level A goal of international education is to effectively deliver educational services that enhance academic, cultural and economic links with the world community. International education activities include a British Columbia/Germany student exchange program, and a teacher exchange program with the United Kingdom, France, New Zealand, Australia, Switzerland, Germany and the United States. The Ministry of Education also administers the Young Visiting Teachers in British Columbia program on behalf of the Japanese government. This program brings 18 Japanese teachers to British Columbia for six weeks to study the education system and to teach about Japan and the Japanese language. The costs are funded by the Japanese government.

International Education — Post-Secondary Level

There were over 12,000 international students enrolled in public post-secondary programs in British Columbia, up from 6,000 students last year. The Ministry of Advanced Education, Training and Technology provides an annual grant to support activities of the British Columbia Centre for International Education (BCCIE). BCCIE coordinates marketing of international education in publicly-funded institutions, pursues contracts for international projects, and sponsors a variety of professional development activities in support of the province's post-secondary institutions, including a highly successful summer institute. The centre also facilitates the internationalization of campus, community and curriculum at British Columbia public post-secondary institutions. The ministry, through BCCIE, administers the Asia Pacific Students and Scholars Awards program, the British Columbia Asia Pacific Grant program, and the Mexico Grant program, enabling 28 British Columbia students and scholars to study and work in 10 countries.

Universities

British Columbia has six publicly-funded universities that offer a broad selection of undergraduate, graduate and professional programs: the University of British Columbia (UBC) in Vancouver, Simon Fraser University (SFU) in Burnaby, the University of Victoria (UVic) in Victoria, the University of Northern British Columbia (UNBC) in Prince George, Royal Roads University (RRU) in Victoria and the Technical University of British Columbia (TechBC) in Surrey. The first five of these universities had enrolment of about 50,000 full-time and 23,000 part-time students during the 1998/99 school year. TechBC began offering programs in partnership with other institutions on a limited basis in the fall of 1998, and in September 1999 began offering undergraduate programs in information technology, technology management and interactive arts.

In 1998/99, the provincial government contributed \$547.6 million to the university system to fund operating expenses, enrolment growth and special initiatives. About 75 per cent of university operating expenses are funded by the provincial government, 20 per cent through tuition fees and 5 per cent through other revenue sources. British Columbia's tuition fees, the second lowest in Canada, have not been increased since 1995/96 and will remain frozen until at least March 31, 2000. In comparison, the national average for university tuition fee increases between 1995/96 and 1998/99 exceeded 20 per cent.

The province's universities are also centres of basic and applied research. Most university research is supported by grants and contracts from government agencies, private foundations and industrial corporations. UBC, SFU, UVic and UNBC attracted an estimated \$179 million in external funding for research in 1996/97, the latest year for which information is available.

The University Matching Program, initiated in 1988/89, is intended to run until 1999/00. Through this program, private sector donations to British Columbia's universities are matched by the provincial government and are used to fund student bursaries. In 1998/99, the province contributed \$0.7 million to the program for student bursaries only. In addition to the above, \$24 million in debenture capital was provided to UBC under the matching program to build a library centre.

Colleges, Institutes and Agencies

An extensive college and institute system provides academic, technical, vocational, career and adult basic education programs. The programs are administered through 11 community colleges, five university-colleges (which offer selected courses of study leading to bachelor degrees), five institutes and the Open Learning Agency. In 1998/99, 82,283 student spaces were delivered.

In 1998/99, the provincial government contributed \$520.3 million to its colleges, institutes and agencies system to fund operating expenses and enrolment growth. About 84 per cent of total operating revenues are provided by provincial grants. The remaining requirements are met through tuition fees and other revenues.

In 1998/99, the province's colleges, institutes and agencies continued to implement *Charting a New Course* — a strategic plan to ensure that all British Columbians find productive employment in a competitive labour market and have opportunities for continuous learning. The plan identified four goals for the post-secondary education system — relevance and quality, access, affordability and accountability.

An annual planning calendar is followed in implementing the plan. As well, a Provincial Standing Committee monitors the system's progress toward implementing *Charting a New Course* and oversees new major system-wide policy developments. In 1998/99, the standing committee began developing an Education Technology Policy Framework.

Colleges offer courses and programs that lead to certificates, diplomas and associate degrees in areas of vocational, career/technology, and trades and academic studies. Colleges also offer developmental programs that provide opportunities to upgrade skills and qualifications for entry into other programs, programs for special needs learners, programs that facilitate training and retraining for those in the workplace, and continuing education courses.

Institutions provide specialized education and training that lead to certificates, diplomas, associate degrees and degrees. Areas of specialization include, technology and trades at the British Columbia Institute of Technology; art and design at the Emily Carr Institute of Technology; policing, fire fighting, paramedic training, conflict resolution and other justice and public-safety related studies at the Justice Institute of British Columbia; Indigenous Government Studies at the Institute of Indigenous Government; and studies designed to meet the needs of First Nations people from the Nicola Valley at the Nicola Valley Institute of Technology.

University colleges in British Columbia were created to increase access to degree programming in provincial centres outside of the Lower Mainland and Victoria. Over the past decade, university colleges have developed as comprehensive institutions offering a full range of degree, diploma and certificate programming.

The Open Learning Agency (OLA) helps to develop and maintain distance education delivery methods and course materials. OLA offers degree programs in general studies, arts and science, business administration and technology.

Courses may be delivered on-line, by mail, through teleconferencing and videoconferencing, and via the Knowledge Network, OLA's television service. The Knowledge Network provides formal instruction along with general educational and other programming throughout the province. In 1998, the Knowledge Network was available to 90 per cent of British Columbia households, and an average of 450,000 viewers per week tuned in to its programming.

Student Financial Assistance

Students attending post-secondary institutions are eligible for a variety of financial assistance programs depending on the student's merit and need. During 1998/99, \$140.2 million in loans were allocated under the British Columbia student loans program and an additional \$50.7 million were disbursed under scholarship and grant programs. Student loan remissions of \$13.9 million were also provided.

The Ministry of Advanced Education, Training and Technology administers student financial assistance in the form of grants and repayable loans, available from the federal and provincial governments. In 1998/99, the weekly maximums were \$260 for students without dependent children and \$435 for students with dependent children. Under the loan remission program, students are eligible for remission of the portion of their loan over specified thresholds upon timely completion of a credential and the fulfilment of other criteria. In 1998/99, the loan remission thresholds were \$18,500 for a first credential (degree, diploma or certificate) and \$23,500 for a second credential.

Under a risk-sharing agreement between the provincial government and lending institutions that began in August 1995, financial institutions assume full responsibility for student loan collection and losses due to defaults. In return, the government pays banks a five-per-cent premium on the value of all student loans at the start of repayment. The government continues to determine eligibility for student loans.

Community Skills Centres

In 1998/99, 20 Community Skills Centres (CSCs) across the province offered flexible, client-focused training, through the use of innovative technologies and partnerships with public and private training providers, to reduce the impact of economic and labour market adjustment in British Columbia communities. In 1998/99, CSCs registered about 26,200 participants in training and education programs. Types of training offered include adult basic education, advanced technical/industrial, career preparation, business management and general skills upgrading.

Skills Development Programs

The provincial government, in partnership with individuals, employers, unions, community organizations, and other private and public partners, develops and implements labour force training and adjustment strategies to enable clients to obtain or maintain employment in a continuously changing labour market. Support and services are provided to:

- youth ages 19 to 24;
- students in transition to the workplace;
- persons ages 25 and over on income assistance;
- persons with disabilities;
- workers who require skills upgrading or face job loss; and
- employers who are fostering a training culture.

Youth Works and Welfare to Work Programs

The Youth Works and Welfare to Work programs provide those receiving BC Benefits with the training and skills needed for employment in British Columbia's changing economy. Youth Works and Welfare to Work are two elements of BC Benefits, a program that has changed the way in which income assistance is provided. (BC Benefits is discussed earlier in this chapter in the Social Services section and in Chapter 5.)

In January 1996, Youth Works replaced welfare for employable young people between the ages of 19 and 24. Youth receive a living allowance while they participate in job search and employability programs. Welfare to Work offers adults, ages 25 and over and who receive income assistance, access to training and employability programs. In 1998/99, over 75,000 clients participated in the Youth Works and Welfare to Work programs.

Institution-Based Training

The Institution-Based Training initiative is intended to improve access to post-secondary training for Youth Works and Welfare to Work participants on a province-wide basis. In 1998/99, 18 post-secondary institutions and the Native Education Centre

participated in the initiative. Major program activities include providing support services to increase student retention and success, ensuring that the maximum number of students are served through institutional base funding and expanding activity in areas where programs are fully utilized and student demand is high. During 1997/98, the latest year for which information is available, participating institutions reported that more than 13,000 current or former income assistance recipients were attending British Columbia's colleges and institutes, a 42 per cent increase over 1996/97. Expanded capacity funding provided over 1,200 full-time equivalent spaces during 1997/98 in post-secondary institutions for the Youth Works and Welfare to Work student group, a 41 per cent increase over 1996/97.

Youth Options BC

Youth Options BC is a comprehensive provincial government program providing young British Columbians with education, skills training and work experience opportunities. It includes a three-year tuition freeze, expanded post-secondary spaces and a range of employment and training programs. These programs include hands-on work protecting the environment, jobs in science and technology, summer employment, community work experience for tuition credits, work with Crown corporations, and help for young people starting their own business or looking for their first job.

- Student Summer Works is an employment and training program for secondary and post-secondary students. This initiative provides assistance to employers to hire summer students and supports quality employment and training opportunities. The program reimburses participating employers for a portion of students' wages for new training opportunities created between May 1 and September 1, 1999 (up to 50 per cent of the wages paid to a maximum of \$4.00 per hour for a minimum of 150 hours of employment). In 1999, the program assisted employers create about 5,300 positions.
- Job Start is an employment and training program for unemployed youth ages 17 to 24, who have limited work experience and are not planning on returning to school, to obtain long-term employment through work experience. Job Start provides wage-sharing assistance to employers to hire unemployed young people (50 per cent of the minimum wage for a maximum of 360 hours). The objective of this program is to enable these young people to develop good work habits and gain work experience and transferable skills necessary for transition into the workforce. In 1998, the program assisted employers to create about 1,200 positions.
- Youth Community Action provides youth ages 15 to 24 with community work experience opportunities from which they receive credits toward tuition for post-secondary studies. This program provides work experience opportunities for a minimum of 100 hours (\$800) to a maximum of 300 hours (\$2,400). Credits are redeemable at post-secondary education and training institutions for tuition costs. Projects or individual placements in the following areas receive priority — community development, culture, heritage, recreation, community safety and literacy. The goals of the program are to:
 - increase the number of youth who complete their studies with work experience;
 - encourage high school completion and pursuit of post-secondary education or training;
 - increase affordability of post-secondary studies;
 - increase access to career-relevant work experience opportunities;
 - increase opportunities for youth to develop community service and leadership skills; and
 - leave a legacy of community enhancements in areas related to community development, culture, heritage, literacy, recreation and community safety.

In 1998, the program assisted community sponsors to create about 1,700 positions.

- *Youth@BC* is a community-based project with the provincial government, youth, high-technology firms and public libraries. For the third consecutive summer, this program was provided through 41 public library boards and two associations (the British Columbia Community Networks Association and British Columbia Library Association). Under the program, funding of \$450,000 was used by libraries to hire 88 youths to design community/library web site pages and to provide Internet training to the public. Sixty-eight communities also benefit directly from services provided through the program. The program is delivered through the Library Services Branch of the Ministry of Municipal Affairs with assistance from the Information, Science and Technology Agency.

*Environment
Youth Team*

The Environment Youth Team is a program that links employers with youth ages 16 to 24 to work on environmental, outdoor recreation and campsite construction projects. The program subsidizes wage and benefit costs. Eligible employers include small businesses, First Nations, non-profit organizations and all levels of government. In 1998, the program created more than 1,800 positions across the province.

*Science and
Technology Jobs*

The Information Science and Technology Agency administers a program that encourages employers to create new jobs for recent graduates in science and technology fields. The programs share the salary cost of these new jobs with employers.

*Industry Training
and Adjustment
Programs*

The provincial government provides programs that identify and respond to skill shortages in the labour force, and assists businesses, employees and communities with re-training and adjustment.

- The Industrial Adjustment Service is a federal/provincial initiative that acts as a catalyst to bring employers, associations, sectors and workers together to deal with the many changes that impact the workplace. Committees, chaired by independent individuals acceptable to all parties, provide:
 - human resource planning and organizational development;
 - job saving, including company survival planning and retraining strategies for workers; and
 - a full range of transitional services to help workers re-enter the labour force quickly following layoffs or company closures.

In 1998/99, the program implemented over 200 firm-specific agreements that directly assisted over 35,000 workers. As well, 22 sectoral agreements were initiated that indirectly provided services to over 100,000 workers.

- The Natural Resources Community Fund provides emergency assistance to communities that face immediate or anticipated difficulties from permanent closure or downsizing of businesses in resource industries. The fund provides for training, re-training or skills development for displaced workers; job creation and maintenance initiatives; worker relocation assistance; and funding support for local government operating expenses in cases of major economic disruptions.

Since the introduction of the fund in 1992, four applications for assistance totalling \$1.8 million were approved — Village of Granisle (\$0.2 million), Elk Valley (\$1.3 million), Greater Trail (\$0.2 million), and District of Port Hardy (\$0.1 million).

- The Job Protection Commission strives to minimize job losses resulting from businesses experiencing temporary financial problems and in danger of reducing or closing their operations, particularly in single-industry communities. Between March 1991 and December 31, 1998, 916 cases were completed. These include special projects and economic and mediation plans that helped to preserve almost 17,000 jobs.

*Vocational
Rehabilitation
Services*

Vocational Rehabilitation Services is a federal/provincial, cost-shared program that provides a comprehensive, individual program of services to people with a permanent physical or mental disability. Services are delivered by consultants throughout the province and by contracted service providers in communities across the province. Services provided include: assessments; development of vocational rehabilitation plans; access to technical solutions to alleviate or offset the disability and facilitate workplace access; financial aid to cover costs such as tuition, supplies and transportation; on-the-job training; and job placement services. In 1998/99, over 7,000 people with disabilities were assisted.

The Public Service Training program provides people with disabilities the opportunity to pursue training and employment in the public sector. The objectives of the program are to: develop and increase job skills of people with disabilities by providing on-the-job training within the provincial government; increase awareness among employers of the value of hiring people with disabilities; and encourage the continued employment of people with disabilities in the public service. In 1998/99, 69 placements were made in provincial government offices.

*Industry Training
and Apprenticeship
Commission*

In 1997, the Industry Training and Apprenticeship Commission (ITAC) was established to create an industry training and apprenticeship system that meets the needs of workers, learners and industry, while reflecting the economic development needs of the province. ITAC is a partnership of business, labour, education and training providers, and government, and is responsible for integrating entry level trades training, apprenticeship and other work-based programs, into one system that is industry driven and learner centred. In 1998/99, there were more than 15,000 apprentices in over 150 trades. ITAC is also working to expand the existing industry training system by developing new work-based training models for emerging industries, and by promoting increased participation and success for members of under-represented groups.

In 1998/99, the provincial government contributed \$61 million to fund about 5,500 entry-level trade training spaces and almost 13,000 apprenticeship technical training spaces. In addition 2,300 spaces were created for other programs such as industry training expansion, skills upgrading, secondary school apprenticeship and under-represented groups initiatives.

*Community Services
Fund*

The Community Services Fund provides funding for additional pre-employment training programs for income assistance clients facing multiple barriers, such as low levels of literacy or education, mental illness and substance abuse problems. Total expenditure for 1998/99 was \$4.5 million.

*Labour Programs
and Services*

The provincial government promotes good relations between employers and workers, and ensures that basic standards of working conditions and compensation are met. The provincial government also ensures that pension plans in the province meet basic standards.

Employment Standards

The Employment Standards Branch ensures minimum standards of employment in the workplace pursuant to the *Employment Standards Act* that regulates conditions of employment, including hours of work and overtime, timely payment of wages, minimum wage, annual vacation, child employment, pregnancy and parental leaves, and termination of employment. The branch also enforces the *Skills Development and Fair Wage Act* (SDFWA).

In 1998/99, the branch received 16,923 employment standards complaints, down 39.1 per cent from the previous year and, through direct intervention, collected over \$10 million in unpaid wages on behalf of workers. The branch also issued 46 determinations and 191 compliance orders citing violations of the SDFWA, and 19 determinations against companies citing contraventions of the SDFWA. In 1998, the branch focused on early intervention, sectoral compliance, data integrity and reducing the backlog of complaints, through the Early Intervention program. Under this program, \$313,566 in wages was recovered that resulted in 1,053 fewer formal complaints.

The branch also provides investigation and mediation services for the Labour Relations Board (LRB) and the Collective Agreement Arbitration Bureau (CAAB). The branch investigated 1,161 LRB files and mediated 280 CAAB files in 1998. The branch performed 167 audits and made 725 visits to government-funded construction sites and recovered \$545,000 in owed wages for people working on these projects.

Employment Standards Tribunal

In November 1995, the Employment Standards Tribunal was established under the *Employment Standards Act* to hear and decide on appeals regarding decisions made by the Employment Standards Branch and to make recommendations to government on exclusion of classes of people from the act and regulation. During 1998, the tribunal received 893 appeals (32 per cent of which were either settled or withdrawn) and issued 660 directives.

Labour Relations Board

The Labour Relations Board (LRB) is established under the authority of the Labour Relations Code. Generally, the code governs collective bargaining between employers and employees in British Columbia except for those under federal jurisdiction. LRB has exclusive jurisdiction to hear and determine applications and complaints, and to make orders under the code that it deems to be appropriate.

During 1998, LRB handled 3,981 applications, up 7.7 per cent from last year. This included granting 348 applications for certification of unions to represent previously unrepresented employees and cancelling 84 existing certifications. In 1998, LRB appointed mediators to assist in collective bargaining in 246 cases, 33 of which were first-time collective agreements.

Collective Agreement Arbitration Bureau

In July 1994, the Collective Agreement Arbitration Bureau was established under the Labour Relations Code to ensure that unresolved grievances between employers and trade unions are settled fairly and promptly to reduce costs and time delays generally associated with grievance arbitration. The bureau provides trained arbitrators and settlement officers to resolve grievances and maintains a register of arbitrators. During 1998, the bureau received 921 applications for arbitration and grievance mediation.

Pension Standards Branch

The Pension Standards Branch administers the *Pension Benefits Standards Act* and related regulations. This legislation is designed to protect the interests of British Columbia pension plan members by setting minimum standards for pension plans in areas such as eligibility, vesting, portability, funding, investments and disclosure to members, and by approving locked-in registered retirement savings plans and life income fund contracts.

Superannuation Commission

The Superannuation Commission administers seven British Columbia public sector pension plans — the Public Service, Municipal, College, Teachers' and Members of the Legislative Assembly pension plans, and pension plans for two Crown corporations. Currently, these pension plans have combined assets of over \$30 billion, over 700 participating employers, 220,000 active contributors and over 70,000 pensioners. The commission manages the collection of over \$1 billion in contribution revenue per year on behalf of these plans.

The number of new retirements is anticipated to steadily increase over the next several years, with a projected doubling of caseload within 10 years as the "baby boom" generation ages. The commission's caseload is also significantly impacted by public sector restructuring and early retirement initiatives. To meet this increased demand, the commission's primary focus through to 2000 is to replace existing outdated pension administration systems and to work on strategies, in partnership with plan employers, for improved pension data management.

The financial health and adequacy of funding for each pension plan are assessed through an independent actuarial valuation at least every three years. A key measure used to assess the health of pension plans is the unfunded liability as a percentage of the membership payroll covered by the plan. Based on that key measure, the financial position of the four major statutory plans (College, Municipal, Public Service and Teachers') has substantially improved in the most recent valuations. The Public Service and College Pension Plans are now in actuarial surplus positions (see Table 6.5).

Table 6.5 Major Pension Plans Actuarial Surplus (Unfunded Liability)

Pension Plan	Per Cent of Actuarial Liability Funded by Actuarial Assets (>100% Represents a Surplus)		Surplus (Unfunded Liability) As a Per Cent of Covered Payroll	
	Most Recent Valuation	Previous Valuation	Most Recent Valuation	Previous Valuation
	(per cent)		(per cent)	
College.....	106	96	19	(11)
Municipal.....	96	89	(14)	(36)
Public Service.....	103	97	10	(10)
Teachers'.....	87	80	(66)	(92)

Source: Superannuation Commission.

Workers' Compensation Board

The Workers' Compensation Board (WCB) is a statutory agency responsible for the administration of the *Workers Compensation Act*. WCB provides rehabilitation services and financial compensation to workers injured in the course of their employment. In the case of fatal injuries, benefits are provided to dependent survivors. Benefits include wage loss payments equivalent to 75 per cent of a worker's average weekly earnings to a maximum of \$57,500 per year (in 1998). All medical and rehabilitation costs are covered by WCB's health care benefits program. Vocational rehabilitation services may be provided in addition to other benefits to reduce or remove the effects of an injury or disability.

WCB covers virtually all workers in the province through premiums paid by more than 160,000 registered employers. The average premium rate for 1999 is \$2.01 per \$100 of assessable worker payroll, a 5 per cent decline from 1998. WCB revenues totalled more than \$1.6 billion for 1998 (\$917 million in premiums and \$702 million in investment income) and assets totalled nearly \$7.1 billion. Expenses for compensation costs were \$1.1 billion, with administration and other expenses totalling \$226 million. Operating costs increased in 1998 due to increased funding for prevention, project development costs for the Employer Services Strategy and one-time charges largely

related to Y2K. As of December 31, 1998, WCB was 106 per cent funded with an unappropriated balance of \$84 million. This situation improved markedly since 1996, when WCB was 95 per cent funded with an unfunded liability of \$324 million.

WCB's highest priority is the prevention of workplace injuries and disease. In 1998, the injury rate was 4.9 injuries per 100 person-years of employment, down 3.9 per cent from the previous year and down 27 per cent from 1990. In cooperation with workers, employers, unions and employers' associations, WCB's goal is to reduce the injury rate by nearly 20 per cent to 4.0 injuries per 100 person years by 2003. In 1998, WCB continued to assist employers and workers reduce the frequency and severity of workplace injuries, with an ongoing emphasis on young workers and workers in high-risk occupations. In April 1998, new occupational health and safety standards became effective. Six years in the making, the updated set of standards was developed by workers and employers through an extensive process facilitated by WCB. The standards reflect changes in industry, work practices and technology in the past 20 years, and provide an essential foundation for a safer, healthier workplace in British Columbia.

In 1996, several new initiatives that improved service to workers and employers were introduced, including:

- four new call centres, and the complete implementation of an electronic claims file and case management system. By the end of 1999, four WCB offices will be operating on the new case management model, which is designed to significantly improve service and outcomes for workers, employees and health care providers working on complex cases.
- a monthly independent survey of injured workers commissioned by WCB found overall service satisfaction level reached 84 per cent in 1998, a 12 percentage point increase since 1993.

Service satisfaction surveying of employers and health care providers is being undertaken in 1999. Survey results are helping WCB identify service issues and provide suggestions for improvements. WCB's goal is to raise client satisfaction levels to 90 per cent in 1999.

- equitable and fair determination of employers' premiums. As part of its strategic plan, the WCB has initiated its Employer Services Strategy project to address rate classification and experience rating. Rate classification classifies employers for the purposes of assessment rates. Experience rating is a tool that rewards good safety performance and discourages poor performance by adjusting individual employers' assessment rates relative to their injury cost experience and to other firms in their rate group. Extensive consultation with stakeholders has and will continue to be undertaken on these important issues to ensure a fair and open process. Changes will be implemented beginning in 2000.

In January 1999, a royal commission on workers' compensation presented its final report to government on occupational health and safety and on fatality benefits. The provincial government is currently reviewing the report, recommendations and background material with WCB. All policy changes and any practises or administrative initiatives of WCB are now being viewed in light of the royal commission's report and recommendations.

WCB also administers the *Criminal Injury Compensation Act* on behalf of the provincial government. The Criminal Injury program compensates victims and

immediate family members for any of 56 criminal offences set out in the act and those injured while assisting police officers. The program allowed 3,678 claims in 1998 at a cost of \$18.1 million. New claims have increased 76 per cent over the past 10 years.

*Workers'
Compensation
Review Board*

The Workers' Compensation Review Board is an independent administrative tribunal that considers appeals made by workers, their dependents or employers concerning decisions made by officers of WCB with respect to a worker. In 1998, the review board conducted hearings in 14 communities throughout the province, and rendered 10,892 findings.

Appeal committees appointed by WCB from among the adjudicative staff of the review board hear criminal injury compensation appeals. In 1998/99, the committees considered 472 appeals.

*Compensation
Advisory Services*

Advisers assist workers and employers in their dealings with WCB. Workers' advisers guide injured workers and their dependents on policies and benefits covered by WCB, and assist workers in cases involving complex legal and medical issues or important policy questions. Workers' advisers also provide training seminars to professional associations and unions. During 1998/99, 92,457 calls and about 9,600 web site inquiries were received, and advisers participated in 2,974 representational activities before appeal tribunals.

Employers' advisers provide advice, assistance and training to employers on claims, assessments, occupational health and safety, legislation, policy and appeals. During 1998/99, employers' advisers handled 97,879 inquiries, and 7,789 file preparation and reviews. In addition, the employers' advisers held 326 training seminars for employers, associations and workers.

*Public Service and
Public Sector
Human Resource
Management*

The Public Service Employee Relations Commission (PSERC) was established in July 1993 when the *Public Service Act* was introduced. PSERC provides leadership, direction and assistance to ministries and agencies in the following areas: employee benefits administration, central payroll and personnel information services, job classification, organizational design, employee development, employment equity, personnel policy development, labour negotiations, contract interpretation and staffing.

PSERC continues to help ministries to restructure services, eliminate redundant positions and hire staff in key priority areas where skills are not available within the public service. Priorities include developing enhanced recruitment and staffing activities to increase the number of employees in under-represented groups and youth, examining ways to streamline administration of salaries and benefits, and simplifying the job evaluation process for both excluded and bargaining unit positions across government.

The Public Service Appeal Board assesses whether the merit principle was properly applied in appealed public service job competitions from unsuccessful candidates. During 1998/99, the board received 117 appeals and held 32 hearings.

*Public Sector
Employers Council*

Established in July 1993 by the *Public Sector Employer's Act*, the Public Sector Employers Council (PSEC) is a link between the government and other public sector bodies. PSEC's role is to coordinate human resource and labour relations policies and practices among public sector employers. PSEC is chaired by the Minister of Finance and Corporate Relations and includes seven other cabinet ministers or deputy ministers, the Commissioner of the Public Service and six public sector employer representatives. During 1998, PSEC:

- continued to coordinate government collective bargaining policy;
- reviewed and approved pay equity plans;
- reviewed and approved exempt compensation standards;
- administered a new Public Sector Youth Employment program under the Youth Options BC initiative where 326 youth ages 15 to 29 received training and employment in the broad public sector;
- researched gainsharing initiatives (the sharing between employer and employee groups of financial savings generated by changed business practices); and
- reviewed the performance of its structure (which includes the council, secretariat and employers' association) with respect to functions set out under the act.

Aboriginal Programs Ministries provide services to aboriginal people, some of which are funded by Canada due to contractual and fiduciary obligations. The province cost shares or provides supplementary services through other initiatives. For information on treaty negotiations and taxation, see Chapter 5.

*Ministry of
Aboriginal Affairs*

The Ministry of Aboriginal Affairs has primary responsibility for fostering relationships with aboriginal people, based on equality and respect, so that they can fulfill aspirations for self-determining and self-sustaining communities. This goal is being accomplished primarily by negotiating treaties with First Nations and the federal government.

The ministry administers the First Citizens' Fund that provides loans to help aboriginal people start, expand or upgrade businesses; bursaries for aboriginal post-secondary students; and grants to friendship centres. The ministry also funds the First Peoples' Cultural Foundation that supports aboriginal heritage, language and cultural programs throughout the province.

*Aboriginal
Education*

Within the regular funding for students in the public school system, the provincial government provides additional funds for aboriginal education programs to students of aboriginal ancestry. For the 1998/99 school year, funding averaged just under \$1,000 per student. In 10 years, enrolment has more than doubled from 18,360 students in 1989/90 to 39,931 in 1998/99. Programs include language and culture programs, intended to develop fluency and understanding in a First Nations language and culture; and support programs, which provide community-based assistance (such as home-school coordination) intended to help students succeed in school.

Aboriginal post-secondary education strategies focus on increasing the participation and success rates of aboriginal people in post-secondary education and training. Programs are offered through partnerships between aboriginal organizations (private post-secondary institutions, tribal councils, bands and agencies) and public post-secondary institutions. Programs include aboriginal adult basic education, college and career preparation, and technical and university transfer courses. Curriculum and cultural awareness activities, staff training and development of First Nations resources are available, as well as training to build aboriginal capacity for self-governance in anticipation of treaty settlements. In addition, funding is provided for aboriginal coordinators for each of the public post-secondary institutions to coordinate and promote many of these activities.

Two aboriginally-controlled institutes are designated as public post-secondary institutions — the Nicola Valley Institute of Technology and the Institute of Indigenous Government. These institutes provided post-secondary education and training opportunities that incorporate indigenous philosophy, cultural values and social experience to 274 students in 1998/99. The provincial government contributed \$3.6 million to these institutes in 1998/99.

Youth Jobs and Career Planning

Visions for the Future is a program which helps aboriginal youth identify job opportunities and offers advice on how to put a long-term career plan in place. Through two-day conferences, participants are directed to employment options and educational facilities to meet their specific needs. The program is delivered by the Ministry of Small Business, Tourism and Culture in partnership with First Nations, friendship centres, aboriginal capital corporations, aboriginal economic development organizations, private industry and community agencies.

Culture, Heritage, Recreation and Sports

The Ministry of Small Business, Tourism and Culture supports culture, heritage, recreation and sport activities in British Columbia. The Ministry of Municipal Affairs provides services and support to public library authorities in British Columbia. These programs are intended to strengthen communities, regions and the public library system.

Cultural Services

The Cultural Services Branch manages programs that provide operating and project assistance for professional and community arts development; support touring programs; provide arts awards; and support cultural industries. The majority of these programs are administered through the British Columbia Arts Council, an independent agency established by the *Arts Council Act*. Total disbursement to artists and cultural organizations in 1998/99 totalled about \$15 million.

Heritage Conservation and BC Heritage Trust

The Heritage Branch provides leadership in the protection, conservation, preservation and presentation of historic buildings, industrial structures and significant elements of British Columbia's maritime, agricultural and transportation history. The branch manages a network of 29 heritage sites throughout the province. During 1998/99, visits to 13 sites open to the public totalled over 370,000 and generated \$2.5 million in fees and on-site spending.

The branch also provides staff support to the BC Heritage Trust that assists community groups, businesses, aboriginal bands and other agencies involved with heritage issues. The trust awards cost-shared grants for building, site and artefact conservation; community heritage planning and feasibility studies; archaeology, oral history, research, and documentation and interpretation projects; operation of non-profit heritage organizations; and scholarships. Trust funds often 'kick start' heritage projects, enabling communities to attract financial contributions from other donors. During 1998/99, the trust awarded 88 grants totalling \$750,000 in projects having a total value of close to \$5 million at the community level.

Archaeology Branch

The Archaeology Branch encourages and facilitates the protection and conservation of archaeological resources. The branch provides resource management guidance through the provincial environmental assessment review process on potential impacts on archaeological sites, manages a permit system to regulate activities that may affect archaeological sites and sets standards for archaeological work. The branch also maintains the provincial heritage registry and manages the provincial heritage site designation process.

*Royal
British Columbia
Museum*

Since its founding in 1886, the Royal British Columbia Museum (RBCM) has collected about 10 million items that document and describe the natural and human history of the province. A small fraction of this vast collection is on display and the collection not on display is used for research and educational purposes. Over the past year, 19,794 items were added to the museum collections. During 1998, the museum provided services to over one million visitors and clients, and 12 communities were involved with RBCM programs. Over 66,900 school children attended museum school programs.

The Leonardo da Vinci exhibit, the largest ever exhibit hosted by RBCM, ran from October 1, 1998 to March 6, 1999, and drew 416,000 paid visitors and 65,000 school children from across the province during what is usually a slow period for tourism. Of the paid visitors, over 82 per cent were tourists, who spent an estimated \$92.4 million during their visit. The impact of this spending on the local economy is estimated at \$44.8 million, equivalent to about 1,300 jobs in southern Vancouver Island's travel and hospitality industries.

*BC Film
Commission*

The BC Film Commission markets provincial film locations and the services of British Columbia companies providing production, post-production and ancillary services to the international film and television industry. The commission also provides ongoing support to film production activities in the province.

Library Services

The Library Services Branch of the Ministry of Municipal Affairs provides operating and other grants to public library boards and supports public libraries through consultation, training and other services, including a provincial copying licence and distribution of government publications. The branch promotes information sharing among British Columbia's public libraries and provides technical and financial support for a provincial inter-library loan system. The branch produces audio books for people with visual or neurological impairments, and provides children and adults with opportunities to increase literacy skills. The branch also provides administrative support to the Library Foundation of British Columbia.

*Sport and
Community
Development*

The Sport and Community Development Branch promotes increased access to recreation and sport for British Columbians of all ages, backgrounds and locations. Programs and services support the goal of building stronger communities and healthier individuals — from the recreational participant to the high-performance athlete — through recreation and sport. Programs include:

- the Athlete and Participant Development program which supports individuals through workshops, funding, recognition and high-performance initiatives, and leads British Columbia's participation in the Canada and Western Canada Games;
- the Organization Development program that provides support to provincial sport and recreation organizations;
- the Coaching and Leadership Development program, which supports recruitment, education and retention of coaches; and
- the Regional and Community Development program, which provides support through regional multi-sport centres, to local recreation commissions and the BC Games.

Grants are provided to communities and non-profit organizations through the community projects component of the Canada/British Columbia Infrastructure Works II program. Since April 1997, 27 projects were approved with awards totalling \$9 million.

Approved awards allowed projects with budgets totalling over \$29 million to proceed, creating 547 permanent and part-time jobs. Grants for in-province travel assistance for youth sports, schools and non-profit groups are provided through the In-Province Travel program. This program benefits about 75,000 youth.

Multiculturalism and Immigration

Programs related to multiculturalism and immigration are provided through the following divisions in the Ministry of Attorney General and Ministry Responsible for Multiculturalism, Human Rights and Immigration — Multiculturalism BC, Immigration Policy, Community Liaison, Planning and Research and Community Liaison.

Multiculturalism

Multiculturalism BC administers the provincial government's *Multiculturalism Act*. Policy and programs are designed to promote:

- recognition and respect for the multicultural heritage of British Columbia;
- cross-cultural understanding and prevention and elimination of racism through public education;
- advocacy, development, implementation, monitoring and evaluation of anti-racism strategies, and support for International Day for the Elimination of Racial Discrimination (March 21st) and Multiculturalism Week in February (both events are held annually);
- full and effective participation in the economic, social, cultural and political life of the province; and
- institutional change and sensitization to better serve a culturally diverse society through the design and development of culturally appropriate services, cross-cultural and anti-racism training and equitable access to services and opportunities.

Immigration Policy

The Immigration Policy Division (IPD) develops and implements policies and programs intended to maximize the social and economic benefits of immigration to British Columbia. A shift towards greater inclusion of provinces in immigration planning, policy development and program delivery allows British Columbia to ensure federal policies and programs meet regional, social and economic objectives. IPD's priorities include:

- implementing the Canada/British Columbia Agreement for Cooperation on Immigration (see Chapter 5 for more information on the agreement);
- mitigating declines in economic immigrants;
- protecting British Columbia's fiscal interests in discussion on a new federal funding formula for settlement services;
- reducing barriers to labour market integration faced by newcomers;
- contributing to new federal selection criteria for immigrants that meet British Columbia business and labour market needs;
- expanding information sharing capabilities with Citizenship and Immigration Canada;
- developing a performance measurement and program evaluation strategy for settlement service programs;
- conducting research on the impact of immigration on British Columbia and immigrant settlement and integration experience; and
- reviewing immigration legislation and policy, and recommending amendments based on analysis of economic, fiscal and social impacts on British Columbia.

Community Liaison Established in 1995 to create a community-based focus for government's multiculturalism and immigrant settlement programs and initiatives, the Community Liaison Division promotes cross-cultural understanding, anti-racism and successful settlement of newcomers within the community. The division works largely through non-profit community organizations, government ministries and private funding bodies.

Program funding is centralized in the division, enhancing accountability and streamlining systems. By working in partnership with key community stakeholders throughout British Columbia, the division ensures that programs remain relevant and responsive to community needs. An annual province-wide consultation process contributes to defining the division's priorities for each coming year.

Four funding programs are administered:

- the BC Settlement and Integration program provides contributions to non-profit organizations that support the settlement and integration of newcomers in communities throughout the province;
- the BC Anti-Racism and Multiculturalism program provides contributions to non-profit organizations that promote elimination of racism, cross-cultural understanding, community development and culturally-based conflict resolution;
- the BC Heritage Language program provides grants to community-based and recognized heritage language schools that preserve and promote heritage languages where instruction would not be available through existing programs;
- the BC CORE Funding program provides contributions for administrative support to non-profit organizations that deliver direct settlement services to newcomers or improves cross-cultural understanding.

In April 1999, as a result of the Canada/British Columbia Agreement for Cooperation on Immigration, the division took over funding administration of several federal programs that have been amalgamated into the province's existing programs.

Protection of People, Property and the Environment

Human Rights

The provincial government safeguards human rights, coordinates law enforcement and the justice system, ensures public safety, and designs and administers programs that protect the environment.

Effective January 1997, the British Columbia Human Rights Code established a new structure to administer human rights in areas of provincial responsibility: the British Columbia Human Rights Commission, which investigates and mediates human rights complaints; the British Columbia Human Rights Tribunal, which adjudicates cases referred to it by the commission; and the Human Rights Advisory Council, a volunteer citizen board, which provides advice to the Attorney General and the commission on human rights.

Administration of Justice

The Ministry of Attorney General administers the justice system, which ensures equitable and efficient protection of individual and public rights. During 1998/99, Ministry of Attorney General expenditure was \$929 million.

Court Service

There are 99 court locations in British Columbia, of which 71 are permanently staffed. Of these 71 facilities, the Supreme Court sits in 30 and the Appeal Court sits in four. Another nine act as Supreme Court filing registries.

The Vancouver Law Courts is the only court location in the province that is used exclusively for Supreme Court and Appeal Court matters, bringing the total of these courts to 31 and five, respectively, and the total staffed locations to 72. This leaves 27 non-staffed locations in various remote parts of the province.

The Court Services Branch provides facilities for these courts and a variety of services, including case processing, case trial support services, financial transaction management, court security, and prisoner guarding and escort. The branch also manages court interpreters and informs the public on all matters relating to the courts.

As a separate and independent arm of the justice system, the Judiciary plays an integral role in the administration of justice. Chapter 5 provides more information on provincial and supreme courts in British Columbia.

Criminal Justice

The Criminal Justice Branch contributes to the protection of society by preparing for and conducting prosecutions diligently and fairly. The branch operates under the authority of the *Crown Counsel Act* and is responsible for prosecutions under the *Criminal Code of Canada*, the *Young Offenders Act*, and provincial statutes in the trial and appeal courts of British Columbia and the Supreme Court of Canada. The branch also provides direct services to victims and witnesses throughout the court process.

Legal Services

The Legal Services Branch advises government and other agencies on legal matters; prepares legislation, regulations and orders-in-council; and acts for government in civil suits and tribunal proceedings.

Law Courts Education Society

The Law Courts Education Society provides province-wide legal education and information on the justice system, with a focus on the court system, to schools, community groups, immigrants, multicultural groups, First Nations and the general public. Services include: court watching sessions, judge's sessions, mock trials, work shops and printed materials; special projects, such as parenting workshops and handbooks for families experiencing separation; and information in languages other than English to Vietnamese, Chinese, Hispanic and South Asian clients.

Community Justice

The Community Justice Branch, with other justice system partners and community groups, ensures that people are able to access justice services, and promotes community involvement in crime prevention and alternative solutions to justice issues. The branch works with socio-economic, ethnic and religious communities, and those defined by geographic boundaries to develop locally applicable and attainable objectives, and to design, implement and manage crime prevention, justice reform, victim services and community safety programs. The branch funds and administers a variety of contracts for justice-related services, including the Residential Tenancy Office, Arbitration Review Panel, and the Family Maintenance Enforcement program, and provides direct services to the public through the Community Crime Prevention program, youth programs and victim services. The branch is also responsible for funding legal aid services and developing the province's dispute resolution policy.

Further information on consumer protection services is discussed in the Commercial and Financial Regulation section of this chapter.

Community Crime Prevention

The Community Crime Prevention program works in partnership with youth, communities, police, schools and businesses to develop and implement crime prevention programs and projects to enhance community safety and prevent crime and violence across the province. Resources, training workshops and assistance are also provided to communities, youth and other partners.

Major programs and projects managed and/or supported during 1998/99 includes:

- BC Safe School Centre,
- BC Youth Police Network,
- community action teams for preventing the sexual exploitation of children and youth,
- grant funding for community safety initiatives,
- operational funding for community justice organizations,
- the Safe Schools/Safe Communities initiative,
- Youth Against Violence line, and
- Youth Action Teams.

In February 1998, community accountability programs were introduced. These programs focus on repairing harm caused by a criminal act and restore the balance of the community affected by the crime. Programs are run by communities and supported by the ministry. Start-up funding, training and support were provided to 28 programs across the province.

Family Justice Programs

The Family Justice Programs Division is responsible for the following programs:

- the Family Maintenance Enforcement program enrolls, monitors and enforces maintenance orders and registers agreements that require individuals to provide continuing financial support to their families. Government delegates powers under the *Family Maintenance Enforcement Act* to a contracted organization operating the program.
- the Reciprocity program has a statutory responsibility in cases crossing jurisdictional boundaries to designate courts within British Columbia and transmit documents to reciprocating jurisdictions for purposes of confirming, varying and enforcing maintenance orders and agreements.
- the Family Search program searches for missing individuals to obtain, vary and enforce custody, access, guardianship and maintenance orders.
- the Debtor Assistance program provides direct service to individuals and families experiencing financial difficulties and administers the Orderly Payment of Debt program and consumer proposals. Services include counselling; information regarding debtor/creditor rights, remedies and obligations; mediation of disputes; and reports to the courts.

Victim Services

The Victim Services Division provides leadership within the ministry, government and communities on issues related to criminal victimization. Services are provided to victims of crime, or to persons who have been affected by crime in their communities,

through provincially-funded victim services agencies across the province. There are 136 programs operating through community agencies and local police forces to provide justice system information, practical assistance, emotional support and referrals for victims of crime. The division provides training and support for coordinators of all victims programs who, in turn, provide training for program volunteers.

The division establishes and implements policies, procedures and programs responding to issues of violence against women in relationships, child abuse and neglect, sexual assault, elder abuse, crime victims and criminal injuries compensation.

The Children's Commission

The Children's Commission reviews all child deaths in the province and investigates those that warrant it to determine the adequacy of services to the child or to examine public health and policy matters. The commission:

- reviews and investigates critical injuries sustained by children in government care;
- hears and resolves complaints about breaches of the rights of children in care and about decisions respecting provision of designated services to children by the government; and
- informs the public about the state of child and family services provided by the province and invites public comment.

Land Titles

The Land Titles Branch provides for registration of ownership of land based on the Torrens land title registration system. This system ensures security of title and other interests of land such as mortgages, life estates, leases, rights of way, easements and liens registered against the land. In performing the duties described in the *Land Title Act*, the branch fulfils a quasi-judicial function. The branch also maintains a computerized system to enable quick access to land title information. Land title offices are located in Victoria, New Westminster, Kamloops and Prince George, with additional application receiving centres in Government Agents offices in Prince Rupert and Nelson.

Law Enforcement and Public Safety

The Ministry of Attorney General is responsible for law enforcement and issues of public safety, including police services, correctional facilities, and a variety of regulatory, inspection and emergency services.

Police Services

The Police Services Division superintends policing and law enforcement functions in British Columbia. The division oversees the financing and organization of the provincial police force through the contracted services of the Royal Canadian Mounted Police (RCMP), as well as agreements with the RCMP for municipal policing. The division also develops and coordinates policing policy with both the RCMP and independent municipal police departments. The division administers police and law enforcement programs, including: special provincial constable programs; designated policing and law enforcement units; First Nations policing; protection of witnesses; auxiliary/reserve constables; training of municipal constables through contributions to the Justice Institute of British Columbia; appointment, training and ongoing support of police board members; policing standards; auditing police departments and other law enforcement units; and traffic safety programs including photo radar, intersection safety camera, CounterAttack, speed enforcement and auto crime. The division also issues crime statistical reports and surveys.

*Office of the Police
Complaints
Commissioner*

The Office of the Police Complaints Commissioner is an independent agency established under the *Police Act* that is responsible for monitoring complaints made against municipal police to ensure complaints are handled fairly and impartially. During its first six months of operation (between July and December 1998), the office dealt with 205 complaint files, of which 148 were new complaints and 57 were carried over from the previous complaint process. Forty-eight of the complaint files were concluded in 1998 (see also Chapter 5 for more information).

Corrections

The Corrections Branch promotes public safety, provides opportunities for offenders to change and assists families in conflict resolution. Corrections staff includes administrative support, probation officers, correctional officers and family justice counsellors.

In 1998, the branch realigned its resources to reflect the needs of victims and deal with serious offenders. The branch now delivers provincial correctional programs and family justice services through the following divisions:

- the Adult Custody Division operates seven secure custody centres, two medium security centres, eight specialized custody centres and two community correctional centres to house those remanded to custody while awaiting trial, and to provide appropriate levels of custody and core programming for offenders serving a provincial sentence.

Burnaby Correctional Centre for Women house women sentenced in British Columbia to provincial or federal custody. Women who would otherwise be in federal custody (those serving a sentence of more than two years) are accommodated through an Exchange of Services Agreement with Correctional Services of Canada.

During 1998/99, the average daily adult custodial count rose by 1.5 per cent to 2,555 (including electronic monitoring). The most significant growth was experienced in the number of persons remanded to custody. The average remand count increased 7.7 per cent to 757 from 703 a year before.

- the Community Corrections Division operates 63 probation offices in communities throughout the province. Probation officers assess and supervise accused adults and offenders to ensure compliance with conditions imposed by the courts and provincial releasing authorities. On any given day the division supervises 21,000 offenders.

Reports and assessments of adult offenders, victims and sentencing options are provided to the court by the division. Staff provides specialized programs for sex offenders, mentally-disordered offenders and those convicted of spousal assault. The division administers victim reparation, community work service and diversion programs.

- the Family Justice Division operates centres in 31 communities throughout the province. Counsellors assist families experiencing a separation and needing help to resolve child custody and access issues, and issues of child and spousal maintenance. The division provides dispute resolution services and custody and access reports, primarily for families of modest means. Parenting-after-separation programs are delivered province-wide and are available at no cost to all separating parents.
- in January 1998, the Victim Notification Unit was established to ensure victims and protected parties identified in the Central Registry of Protection Orders are notified of offender releases from both provincial and federal correctional centres in British Columbia.

<i>Parole and Review Boards</i>	<p>Under the federal <i>Corrections and Release Act</i> and the provincial <i>Parole Act</i>, the Board of Parole considers applications for conditional release from incarcerated adult offenders and renders decisions on those applications.</p> <p>The British Columbia Review Board is a tribunal established under the <i>Criminal Code of Canada</i> to review circumstances of, and make ongoing dispositions with respect to individuals found unfit to stand trial or not criminally responsible due to mental disorder.</p>
<i>Coordinated Law Enforcement Unit</i>	<p>Based on the recommendations of an independent review committee report issued in October 1998, the Coordinated Law Enforcement Unit was disbanded and replaced by the Organized Crime Agency of British Columbia as the lead enforcement agency targeting organized crime in British Columbia.</p>
<i>Security Programs</i>	<p>The Security Programs division administers the <i>Firearms Act</i>. This includes licensing all firearms owners, businesses and museums. The division provides authorizations for the transfers, transport and carrying of firearms and is responsible for inspecting firearms businesses and ranges. The division stores and disposes of seized firearms and advises and informs the police and the public about firearm policy and law. The division also administers the Canadian Firearms Safety Course and the Canadian Restricted Firearms Safety Course with the assistance of volunteer instructors.</p> <p>Security Programs is responsible for maintaining the Central Registry of Protection Orders, a system for ensuring that police have access to accurate and current information on peace bonds and civil restraining orders, and that victims are notified when offenders are released from correctional facilities.</p> <p>The division administers the <i>Criminal Records Review Act</i>. Under the act, mandatory criminal record checks are done on current and new employees working with children in organizations that are operated, licensed by or receive operating funds from the provincial government.</p> <p>The division also licenses and inspects security businesses (such as alarm services, armoured car services, locksmiths, private investigators, security consultants and security patrols) and their employees under the <i>Private Investigators and Security Agencies Act</i>. The division works with industry to develop standards for the private security industry, develops policy for administration and regulation of the industry, and regulates delivery of a mandatory training strategy for security patrol personnel.</p>
<i>Provincial Emergency Program</i>	<p>In cooperation with other ministries, agencies and Crown corporations, the Provincial Emergency Program (PEP) coordinates provincial government emergency preparedness, response and recovery activities to mitigate suffering and property loss caused by emergencies and disasters.</p> <p>PEP coordinates provincial government planning, training and standards for emergency preparedness; advises and assists local governments in planning for, responding to, and recovering from emergencies and disasters; directs government response operations for emergencies not specifically assigned to a ministry or government agency, or coordinates actions in support of a specific ministry; provides financial assistance to disaster victims; and supports and assists over 10,000 registered volunteers, along with other volunteer agencies and service groups.</p>

Film Classification The Film Classification Office (FCO) regulates the public exhibition, rental and distribution of films and videos in British Columbia. All films shown publicly, and all adult videos sold or rented through video rental outlets, must be viewed and classified by the office. FCO has the authority to approve or refuse the exhibition or distribution of a film or adult video, order the removal of prohibited material and assign advisory captions that must appear in all newspaper advertising of a film. FCO also licenses theatres, film and video distributors and video retailers; maintains community standards in film and video products distributed in British Columbia; and monitors legislation, programs and court cases relating to film classification, censorship and obscenity across Canada.

British Columbia Gaming Commission The British Columbia Gaming Commission regulates gaming activities staged by charitable and religious organizations that use bingos, casinos or ticket raffles to raise funds for their organizations.

In June 1998, responsibility for regulating all casinos in the province was transferred to the British Columbia Lottery Corporation (for further information on the corporation see Chapter 7). The commission no longer licenses charities for these casinos and instead administers Direct Charitable Access to Gaming, a program that allows charities to apply for direct access to gaming revenue.

The commission sets policies, establishes terms and conditions for conduct and management of gaming events, and acts as a licensing authority. In 1998/99, charities received almost \$168 million in charitable gaming revenue through the commission. The commission also licensed 4,323 charities to conduct and manage gaming events with gross proceeds over \$10,000.

British Columbia Racing Commission The British Columbia Racing Commission, established in 1960, governs, directs, controls and regulates horse racing in the province. It also ensures a high standard of integrity in standardbred and thoroughbred racing to maintain the betting public's confidence in the industry.

From its headquarters in Burnaby, the commission oversees horse racing cards at seven race tracks and 24 teletheatres across the province, including more than 280 live events and 2,060 simulcast events from locations as diverse as Windsor, Ontario, Hong Kong, Australia and numerous sites in the U.S.

The commission has seven part-time order-in-council appointees. Commission members make decisions relating to the Rules of Racing, establish race dates for each racing association, and oversee medication issues, licensing and fees, teletheatre betting sites and the distribution of monies from the Horse Racing Improvement Fund. The commission also hears appeals on the rulings of judges and stewards against licensees found in violation of the rules and regulations.

Independent Agencies, Boards and Commissions The Ministry of Attorney General supports the following independent agencies, boards and commissions by assisting with administrative, legislative and policy issues, and by providing administrative assistance to the independent commissions of inquiry appointed under the *Inquiry Act*.

- *Office of the Public Trustee* — an independent body responsible for protecting legal rights and financial interests of all children under 19 years of age, adults who are vulnerable, and estates of deceased or missing persons. The Public Trustee ensures adequate legal representation, manages finances, acts as trustee, monitors private trustees, investigates complaints of financial abuse and reviews lawsuit settlements

for any injured child. The Public Trustee secures assets and administers estates for deceased and missing persons.

- *Legal Services Society* — is an independent, non-profit organization governed by the *Legal Services Society Act* of British Columbia and managed by a 15-member board of directors. It is funded by the provincial government, the Law Foundation, the Notary Foundation and client contributions, and provides assistance to people who qualify for legal aid, public legal information and education services.
- *Expropriation Compensation Board* — determines the amount of money to be paid for expropriated land when a public agency needs to acquire property that an owner does not wish to sell.
- *Electoral Boundaries Commission* — makes proposals to the Legislative Assembly about the area, boundaries and names of the electoral districts of British Columbia.
- *Motion Picture Appeal Board* — assists in regulating the film and video industry in the province. The board hears appeals by exhibitors and distributors of motion pictures and videos concerning decisions of the Film Classification Branch. Grounds for appeal include classification decisions, theatre licence suspensions and refusals to issue theatre or film exchange licences.

Environmental Protection

Protecting and conserving natural resources, maintaining and restoring the quality of land, water and air, and managing water resources is the responsibility of the Ministry of Environment, Lands and Parks (MELP). In 1998/99, some of the ministry's achievements included:

- Natural diversity:
 - additional 4.68 million hectares designated as protected land (currently more than 10.68 million hectares are protected or 11.3 per cent of the province). In addition, 4.4 million hectares of northern Rockies wilderness have been designated for special management;
 - two new ecological reserves, covering an additional 2,232 hectares (currently there are 131 ecological reserves totalling 16,679 hectares) established to provide permanent sanctuaries and ecological benchmarks for the preservation and scientific study of British Columbia's unique plant and animal life;
 - funding of \$5 million for 159 fish and wildlife enhancement projects under the Habitat Conservation Trust Fund, up from 113 similar projects in 1997;
 - successful bighorn sheep and caribou relocation, and stricter controls on bear poaching;
 - new *Fish Protection Act* designed to protect fish habitat in order to strengthen productivity; and
 - new legislation under the Forest Practices Code that provides for biodiversity and streamside protection on forest lands.
- Healthy and safe land, water and air:
 - new environmental protection regulations for contaminated sites clean-up and establishment of an electronic environmental site registry;
 - amendments to the *Waste Management Act* clearly stating that companies handling or storing hazardous goods are fully responsible for cleaning up spills;
 - mandatory inspections of heavy-duty truck and bus emissions; and
 - a ban on ozone-damaging materials used to recharge motor vehicle air conditioning.
- Sustainable social, economic and recreational benefits:
 - an all-time record of 26.3 million visitors to BC Parks was reached in 1998, up from 23.8 million visitors in 1997;

- completion of 500 new campsites in 1998;
- approval of six Protected Area Management Plans in 1998/99 — a total number of 78 approved plans since 1988/89;
- issuance of almost 1,200 Crown land tenures, representing 232,500 hectares; and
- a new Beverage Container Strategy that introduces a beverage container deposit/refund program to reduce waste and enhance resource sustainability.

Many of the initiatives and other progress the ministry made in 1998/99 required active partnerships with other public organizations including: local non-profit interest groups, local government authorities, the Union of British Columbia Municipalities, other provinces, and other ministries in response to problem wildlife and various agricultural issues.

Environmental Programs

MELP is responsible for air and water management, wildlife and habitat protection, pollution prevention and remediation, environmental assessment, legislative enforcement and environmental emergencies. Related support activities include scientific research, resource inventory, data collection and management, mapping, and environmental monitoring and reporting. New technologies are being introduced and applied to a number of ministry information management systems to enhance efficiencies and effectiveness. These systems include: Water Information Sharing System (WINS) integrating water licensing system and water rights data; enhanced desktop Geographic Information System (GIS) access, interpretation, analysis and printing; digitizing provincial topographical maps; satellite imagery data; and new data storage systems for environmental monitoring (EMS).

Crown Lands

Of the province's total area of 94.7 million hectares, over 90 per cent is Crown land. Crown land is made available to protect the environment and promote economic growth, regional development and settlement. The ministry is responsible for maintaining the Crown land registry, fulfilling the role of the Surveyor General by maintaining the quality and integrity of the survey structure of the province, and establishing policy for administering and managing Crown land. Authority to manage and administer Crown land tenures and the Crown Land Special Account has been delegated to the British Columbia Assets and Land Corporation (for more information on the corporation, see Chapter 7). Land tenures include leases and licences that provide access for a variety of purposes including: farming, grazing, communication sites, ski hills, commercial and industrial uses, and recreational and residential accommodation. Including leases, licences, rights of way and land reserves, there are about 30,000 tenures on 19.2 million hectares of Crown land.

BC Parks

BC Parks is responsible for designing, managing and conserving a system of provincial parks, ecological reserves, recreation areas and protected areas located throughout the province. BC Parks manages over 11,800 campsites, 122 boat launch sites and 498 day-use areas. As of June 1999, the provincial system had 695 protected areas embracing almost 9.7 million hectares containing many of the best representative and special features of the province's natural and cultural heritage. These lands are protected for world class conservation, outdoor recreation, education and scientific study. BC Parks also continues to administer regulations governing commercial river rafting and regional parks, and to support the British Columbia Heritage Rivers Board in recognition of river corridors with outstanding heritage values.

Land Use Coordination Office

In January 1994, the Land Use Coordination Office (LUCO) was created to improve the corporate direction and coordination of all inter-ministry land-use planning initiatives. LUCO sets the government's direction on land-use strategies, while ministries

implement specific programs. LUCO ensures that corporate priorities for land-use related initiatives are reflected in individual ministry budgets and work plans, coordinates various work plans, monitors ministry programs, recommends plans and provides progress reports to Cabinet. Land-use planning extends to more than 80 per cent of the province's total area.

LUCO also coordinates the protected areas strategy, a provincial land-use planning process that was established in 1992 to protect representative examples of the natural diversity of the province, as well as cultural, heritage and recreational features. The goal of this strategy is to protect about 12 per cent of the province's territory by 2000 (currently 11.3 per cent of the province is protected). LUCO also coordinates the corporate strategic land-use inventory program and budget for the province as part of the Corporate Resource Inventory Initiative (CRII). CRII is a multi-ministry project to undertake resource inventories to support provincial land-use planning activities and First Nations initiatives. CRII supports local resource management plans, strategic land-use planning, the protected areas strategy and other LUCO initiatives.

*Environmental
Appeal Board*

The Environmental Appeal Board, operating under the provisions of the *Environment Management Act*, hears appeals on decisions made under environmental legislation. In 1998/99, 200 appellants filed appeals against 168 licences, permits or orders/decisions issued under the *Waste Management Act*, the *Water Management Act*, the *Wildlife Act*, the *Pesticide Control Act* and the *Health Act*. The board conducted 82 hearings and issued 94 decisions.

*Environmental
Assessment Office*

The Environmental Assessment Office is responsible for implementing the province's *Environmental Assessment Act* that was proclaimed in June 1995. The act establishes a single review process for proposed major projects and developments. Reviews are designed to identify and mitigate environmental impacts at the same time as ensuring long-term economic and social sustainability for the province.

Aside from assessing the immediate environmental and economic impacts, reviews also take into account any social, cultural, heritage and health effects that may result from a major project. Reviews allow all British Columbians to provide input as part of the decision-making process.

*Forest Appeal
Commission*

The Forest Appeal Commission is an independent tribunal with statutory authority to hear appeals from administrative decisions made with respect to matters regulated by the *Forest Practices Code of British Columbia Act*, the *Forest Act* and the *Range Act*. The commission also administers the Forest Appeal Board under the *Forest Act* and the *Range Act*. During 1998/99, there were 10 appeals filed with the commission and 9 appeals filed with the board.

**Natural
Resource
Development**

The provincial government encourages efficient, sustainable and environmentally-sensitive management of the province's natural resources — forests, minerals, oil and gas, hydroelectricity, agricultural land and fisheries — to ensure the long-term economic prosperity of the province.

Forest Management

Of the 90 million hectares of Crown land in British Columbia, total productive forested land covers 46.4 million hectares. Of this, 22.8 million hectares is considered commercially available for harvest. The provincial government has a higher degree of responsibility for forest management than most other jurisdictions in the world because the government owns more than 90 per cent of the province's forest land. Recent initiatives in resource planning and forest management include:

- The Forest Practices Code, which is a comprehensive package of legislation, regulations, standards and field guides to govern forest practices in British Columbia. The code applies to 93 per cent of British Columbia's forest land, including all private land in tree farm licences (TFLs) and woodlot licences. The code sets rigorous standards for forest management and enforces them with tough penalties to ensure that forest practices are environmentally sustainable.
- The Timber Supply Review program began in 1992 with the purpose of regularly updating timber supply information in each of British Columbia's timber supply areas (TSAs) and 33 TFLs. Under section 8 of the *Forest Act*, the Chief Forester must reassess the allowable annual cut (AAC) at least once every five years. AAC is defined as the allowable rate of harvest from a specified area of land. The main objectives of the review are to:
 - identify economic, environmental and social information that reflects current forest management practices, including the effect on short and long-term timber supply;
 - identify where improved information is required for future timber supply forecasts; and
 - provide the Chief Forester with information to make any necessary adjustments to the AAC.

The first round of the review was completed in December 1996 and resulted in a 325,879 cubic metre (0.5 per cent) decline in the provincial AAC to a provincial total of 70,855,250 cubic metres. Local impacts of the review varied significantly with AAC reductions in 32 management units, increases in 19 units and no change in the remaining units. Also as a result of this review, changes were made in the type of wood available under the AAC. The conventional coniferous, sawlog component of the harvest declined in every region by more than 5 per cent (or 3.5 million cubic metres) province-wide. Deciduous and lower economic value components, in contrast, increased significantly.

Work is underway on the second round of the Timber Supply Review. By December 2001, new AACs will be determined for all TSAs and TFLs in the province.

Small Business Forest Enterprise Program

The Small Business Forest Enterprise Program (SBFEP) sells Crown timber throughout the province to individuals and small firms. The Ministry of Forests, which manages SBFEP, constructs access roads and bridges to develop future sales, and undertakes silviculture and other forest management activities in SBFEP areas. As such, SBFEP supports government's key priorities of job creation, revenue generation, economic diversification and community stability.

In 1998/99, SBFEP sold over 12 million cubic metres of Crown timber. Of the timber sold, 40 per cent of SBFEP volumes was awarded through a competitive process to the highest bonus bidder, 43 per cent was awarded through proposal sales and non-replaceable forest licences (which are awarded to firms that submit the best proposal for manufacturing lumber or producing specialty wood products) and the remaining 17 per cent was awarded directly to replaceable timber sale holders, the Vernon Log Yard Project and small scale salvage operators.

Registration in SBFEP during 1998/99 included 2,300 independent firms and individuals, of which 1,900 were loggers and 400 were timber processors. The timber processors included independent primary sawmills, shake and shingle plants, lumber remanufacturers and specialty wood producers.

In 1998/99, SBFEP collected \$210 million in revenue from timber sales, down \$135 million from last year. Ministry program expenditures were \$142 million, including more than \$100 million paid to contractors who construct roads, reforest land, measure and protect the timber resource and assist in planning forest management activities.

Jobs and Timber Accord

The Jobs and Timber Accord is a four-year agreement between government and the forest industry, and addresses timber supply, forest management, value-added manufacturing and employment issues.

The Office of the Jobs and Timber Accord Advocate monitors implementation of the accord, and works with industry and government on ways to improve overall competitiveness of the industry.

Despite the economic downturn experienced by forest companies from the fall of 1997 through to 1998, industry and government achieved the following results:

- the Ministry of Forests increased access to timber supply within the approved AAC for primary and secondary manufacturing;
- forest companies continued to improve operations and increase their activity in value-added manufacturing;
- the Ministry of Forests sold the full apportionment under SBFEP and a portion of the historic undersold volume;
- innovative forest practices agreements and enhanced forest management pilot projects were introduced to improve second-growth forests; and
- Forest Renewal BC (FRBC) introduced a new land-based delivery system based on multi-year investment agreements with forest companies and other tenure holders.

Forest Renewal Plan

In April 1994, the government announced a forest renewal plan to enhance the productive capacity and environmental value of forest lands, create jobs, provide training for forest workers and strengthen communities dependent on the forest industry. FRBC is the Crown corporation established to implement the plan. The corporation is a partnership between government, the forest industry, workers, First Nations, environmental groups and communities. More information on FRBC is provided in Chapter 7.

Forest Revenue

The Ministry of Forests is responsible for setting the price of Crown timber and for collecting timber-related revenues. Net revenue, excluding transfers to FRBC, associated with harvesting of Crown timber was \$1 billion in 1998/99. This included revenue from timber sales under SBFEP. Gross revenue, including \$177.4 million collected on behalf of FRBC, totalled \$1.2 billion.

Reforestation and Silviculture

Reforestation and provincial silviculture activities include monitoring standards of reforestation on Crown and regulated private forest lands; reforesting certain types of denuded Crown forest land with commercially valuable trees; improving the value and productivity of the provincial forest resource; and providing tree seeds and seedlings. The number of seedlings planted yearly on Crown land, by private industry and government, reached an all-time high of 258 million in 1996.

Table 6.6 Silviculture Funding in British Columbia

	Ministry Operations ¹	Small Business Enterprise Account	Forest Renewal BC	Forest Resource Development Agreement	Training and Employment Programs	South Moresby Park Replacement	Total ²	Change
	(\$ millions)						(per cent)	
1989/90	134.7	10.3	—	65.6	4.5	2.2	217.3	5.9
1990/91	185.0	17.8	—	1.7	4.5	3.2	212.2	-2.3
1991/92	200.6	20.2	—	20.0	4.2	2.5	247.5	16.6
1992/93	184.5	22.3	—	23.2	6.7	1.7	238.4	-3.7
1993/94	183.3	28.9	—	31.7	13.4	2.1	259.4	8.8
1994/95	155.9	34.7	13.6 ³	32.0	9.8	1.2	247.2	-4.7
1995/96	84.6	33.0	51.2 ³	30.0	—	1.1	199.9	19.1
1996/97	60.0	29.6	80.5 ³	—	—	1.0	171.1	-14.4
1997/98	—	31.0	160.1 ³	—	—	1.4	192.5	12.5
1998/99	—	31.4	113.6	—	—	1.5	146.5	-23.9

¹ Due to a change in reporting procedures, administration is not reported in Ministry Operations numbers from 1994/95 onward.

² Excludes silviculture expenditures by the forest industry required under harvesting agreements.

³ Restated to reflect overhead allocations and a change in presentation.

Sources: Ministry of Forests; Forest Renewal BC.

Forest Protection and Fire Suppression

The 1998 fire season was one of the worst fire seasons ever. It was the hottest year on record, as well as one of the driest, and Environment Canada reports that summer 1998 conditions only occur every 450 years. During the 1998 fire season, 2,663 wildfires burned 78,000 hectares of British Columbia's forests, consumed 43 buildings, forced the evacuation of 7,000 people and threatened 12 communities. The provincial government spent \$194 million on its forest fire suppression program — \$40 million for fire preparedness and \$154 million to directly fight wildfires. In comparison, \$61.6 million was spent in 1997/98 to suppress 1,161 wildfires that burned 1,870 hectares of land.

In addition to fire suppression, the program also provides for the use of fire under prescribed conditions to meet specific land and resource management objectives, such as improving range lands for domestic livestock; improving habitat and forage for wildlife; preparing areas for reforestation; and reducing wildfire hazards.

Mineral and Energy Resource Management Programs

The Ministry of Energy and Mines regulates energy and mineral industries to ensure that British Columbians receive maximum benefits from developing these resources. The ministry regulates mine worker safety and mine reclamation practices; administers laws relating to mineral, oil and gas tenures, and resource revenue collection; and conducts economic, geological and statistical studies. The British Columbia Oil and Gas Commission regulates oil and gas activities and pipelines to provide for the sound development of the oil and gas sector by fostering a healthy environment, a sound economy and social well being.

In 1998/99, the provincial initiative to promote development and marketing of provincial industrial mineral resources to countries in the Pacific Rim and Europe continued to generate interest.

The ministry's geoscience programs focused on frontier areas with development potential but where geological information is poor or lacking, and also on those regions expecting mine closures over the next few years, such as in the East Kootenays and central British Columbia.

In 1998, results of regional geochemical surveys of the Mesilinka River area were released, and samples collected of the Hazelton and Manson River areas in north central British Columbia were reanalyzed for gold. New mineral claims were staked and exploration is continuing in those areas.

In its fourth year, the ministry and the Geological Survey of Canada continued to detail the Nechako River, Fort Fraser and parts of Smithers and Prince George areas under the five-year Nechako Plateau-Babine Porphyry Belt Mapping program.

*British Columbia
Prospector's
Assistance Program*

The British Columbia Prospector's Assistance program supports grassroots exploration for new mineral deposits. In 1998, the program awarded grants totalling nearly \$392,000 to 52 of 102 applicants and provided for 75 per cent of eligible prospecting costs to a maximum of \$10,000 per year per individual. An additional \$38,000 was distributed to seven local chambers of mines and mining associations to provide resources for prospector training. The grants were issued for base and precious metals, industrial minerals and gemstone exploration. A total of 667 claim units were staked and a number of new mineral occurrences were discovered by these prospectors.

The Mineral Development Office in Vancouver plays an important role in promoting mineral development in the province, facilitating interaction and communications between government and industry, and providing access to geological expertise and the geoscience database.

Oil and Natural Gas

In 1998/99, the provincial government concluded an initiative with industry, local government and First Nations that aims to double British Columbia's oil and natural gas production capability by 2008. In return for an industry commitment to invest \$25 billion in the sector over the next 10 years, government provided the following:

- changes to gross natural gas royalty rates to incorporate greater price sensitivity, similar to the regime in Alberta. At lower gas prices, royalty rates decline 20 to 40 per cent depending on when new wells are drilled and when land rights are acquired. At higher prices, royalty rates are higher than the old rates. In addition, a new category of oil was introduced for pools discovered after June 1998. This new category will receive a 20 per cent discount on royalty rates. Heavy oil, a new category of oil introduced in July 1999, receives a discount of up to two-thirds of the light oil royalty rates reflecting the higher cost and lower price of the product;
- a \$113.5-million revenue-sharing package with local governments;
- a commitment to improve northern roads to secure access to important facilities and services;
- long-term agreements with First Nations to ensure adequate consultation and economic development opportunities; and
- establishment of the British Columbia Oil and Gas Commission, a single-window regulatory agency for all oil and gas activity in the province.

*Clean Choice
Program*

The Clean Choice program provides grants for customers in the Vancouver Island, Sunshine Coast, Squamish and Powell River areas to help reduce costs of converting homes and businesses to natural gas. Since 1991 when the program was introduced to February 28, 1999, about 41,500 grants totalling \$22.7 million were paid to residents and businesses.

*Energy Efficiency
Act*

British Columbia was one of the first provinces to bring in energy efficiency legislation. Since 1991, standards introduced under the *Energy Efficiency Act* have cut energy costs for homes and businesses. There are now minimum energy efficiency standards for residential, commercial and industrial products sold in British Columbia. Energy efficiency regulations are based on national standards developed by organizations such as the Canadian Standards Association and the Canadian Gas Association.

Electricity

The North American electrical sector continues to undergo change that will result in more competition for monopoly utilities and greater customer choice. Conditions driving these changes are not as prevalent in British Columbia because of the province's low-cost hydroelectric system. However, the provincial government continues to monitor the changing market to ensure that British Columbia's electricity sector remains competitive with neighbouring jurisdictions and continues to benefit from electricity trade through increased access to markets in the United States.

Electricity sector initiatives will ensure that British Columbia retains its position as one of the lowest energy cost jurisdictions in North America. At the provincial government's direction, British Columbia Hydro and Power Authority (BC Hydro) is continuing to diversify its resource base to create jobs and opportunities for private sector investors. Over the next few years, BC Hydro will acquire more than 500 megawatts of new capacity from wood-residue and natural-gas-fired cogeneration projects at Skookumchuk, Campbell River, Port Alberni and Fort Nelson. As electricity demand grows, there will be further opportunities for private sector involvement in developing generation projects.

Columbia River Treaty

The Columbia River Treaty between Canada and the United States required that three dams — Duncan, Keenleyside and Mica — be built in British Columbia for flood control and to increase hydroelectric power generating potential in both countries.

Canada's share (one-half) of the extra power produced in the U.S. as a result of the treaty — called the "downstream benefits" — was sold to a group of U.S. utilities for 30-year periods beginning with the scheduled completion of each of the three treaty dams in British Columbia.

This share, known as the "Canadian Entitlement" is owned by British Columbia. In 1998, 9 per cent of the power entitlement was returned to British Columbia, the 30-year anniversary of the scheduled completion of Duncan Dam; 46 per cent is expected to be returned in 1999 with the 30-year anniversary of Keenleyside's scheduled completion; and the remaining 45 per cent to be returned in 2003 for Mica's anniversary.

The amount of the Canadian entitlement returned to British Columbia in April 1998 was 111 megawatts (MW) and 438 gigawatt-hours (GWh) of energy. This will increase as the balance of the sale expires to a forecast amount of 1,150 MW to 1,350 MW capacity and 3,650 GWh to 4,850 GWh of energy in 2003 — enough electricity to supply the annual residential needs of an area the size of the southeastern corner of the province (the Columbia-Shuswap region, the Okanagan Valley and the Kootenays) or a city the size of Victoria.

In March 1999, the governments of Canada and the United States agreed on an exchange of notes which is a treaty authorization to allow the direct sales of downstream benefits in the United States. The governments approved an enabling agreement that gives British Columbia the option to pick up power not required in British Columbia directly at the points of generation for sales in the U.S. market. These arrangements save both British Columbia and the Bonneville Power Administration transmission costs associated with delivering downstream benefits to the border and resale back into the U.S. market.

Through the *Power for Jobs Development Act*, the province makes the downstream power benefits available to industries to create and preserve jobs in British Columbia. Several mining and mineral processing companies signed memoranda of understanding for the use of power under the act, and the province is reviewing numerous other proposals.

In 1999, the province announced the initial results of a 1997 Request for Proposal that yielded \$67.5 million in new investment and 240 new jobs. Negotiations under the act with a number of other firms in the mining, oil, gas and high-technology sectors are ongoing.

*Columbia River
Basin Accord*

In July 1995, the Columbia Basin Trust was established under the provincial government's *Columbia Basin Trust Act*, to manage the region's share of downstream benefits from the Columbia River Treaty and to deliver social, environmental and economic benefits to the Basin and its residents.

The provincial government entered into an agreement with the trust to provide financing under three programs:

- power project funding of \$250 million over 10 years. By supplementing this funding through borrowings, the trust and the Columbia Power Corporation, a Crown corporation, undertake power project investments on a joint venture basis pursuant to the terms of the accord (see Chapter 7 for more information on the Columbia Power Corporation);
- a regional benefit amount of \$45 million paid in April 1996 for investment purposes; and
- trust operations and programs development funding of \$32 million over 16 years.

*Agriculture and
Food Programs*

The Ministry of Agriculture and Food administers programs that allow for economic opportunities for producers and processors of agricultural products to invest, diversify and market products. The programs emphasize farm income and price stability, productivity improvement and resource management.

Together with the federal government, the province provides three types of agricultural safety net programs — crop insurance, income stabilization and companion programs such as agricultural development and disaster assistance funding. Appendix A6.3 outlines financial assistance programs provided to eligible farmers.

*Income and Price
Stabilization*

The Crop Insurance program insures farmers against the effects of crop losses due to uncontrollable natural hazards. In 1996, a two-tiered program was introduced to provide a basic disaster level program that was affordable for farmers. Farmers producing any of the 30 crops eligible for insurance now have more flexibility to purchase a package of insurance that meets their risk management needs and budgets.

In the 1998 crop year, 3,054 policies for crop insurance were obtained, up from 1,740 policies last year. Insurance premiums paid by farmers and the federal and provincial governments totalled \$11.4 million, while \$1.2 million was paid out in indemnities. This compares to premiums totalling \$7.8 million and indemnities of \$16 million in the 1997 crop year. The value of crops insured increased to \$174 million in 1998 from \$136 million in 1997, and is expected to increase to nearly \$200 million in 1999.

The Net Income Stabilization Account program helps farmers to invest some of their income during good years, which can be drawn against at a later date when the farm experiences losses due to reduced market returns or increased production costs. The federal government administers this national program.

The Whole Farm Insurance program, introduced as a two-year pilot project in 1997, is a voluntary program for British Columbia farmers and is designed to alleviate extreme

income reductions that are beyond the farmer's control. In 1998, this program paid \$9.6 million to 422 farmers in the Peace River, Okanagan, Fraser Valley and Vancouver Island regions.

*Agricultural
Development
Programs*

The Feeder Associations Loan Guarantee program encourages the rearing of cattle and sheep, instead of exporting them to feedlots outside of British Columbia. In 1998/99, 13 associations purchased a total of 26,177 animals valued at \$13 million under the program. No claims were made against the program since its inception in 1990, and the total value-added contribution to the economy has been \$39 million and 315 employment years.

Unusually severe and destructive weather conditions have damaged grain, fruit and vegetable crops in recent years in specific areas. In order to assist farmers facing difficulties in securing operating financing, a time-limited Farm Distress Operating Loan Guarantee program was introduced. The program guarantees repayment of outstanding loans. Under the program, which expired in 1998/99, a total of 33 farm operators benefited from financial reviews and guarantees totalling \$0.7 million.

*Agriculture and
Food Development*

The Quality Wine and Grape Development Fund is a six-year, \$3-million industry development fund which is cost-shared with industry. The fund provided \$200,000 during the spring of 1998/99 for marketing, promotion, research and industry development initiatives.

The province continues to monitor 10 commodity development trusts administered by the industry. As of March 31, 1999, these trusts committed \$3.3 million to fund various initiatives. As of March 31, 1999, assets of the trusts totalled \$16.5 million.

The BC Investment Agriculture Foundation funds initiatives that foster increased long-term growth, employment and competitiveness in the province's agriculture, food and associated industries. Over the past two years, the foundation approved 126 projects with a total commitment of \$8 million. Total cost of the projects funded is nearly \$30 million.

Buy BC Program

The BUY BC program increases the recognition and use of British Columbia food, beverage and agricultural products, amongst producers, processors, distributors, food service operators, retainers and consumers within British Columbia. The program focuses its effort on provincial product identification, increasing consumer awareness and building preferences for provincial products. In 1998/99, \$640,000 was spent on market promotion.

*Strengthening
Farming Program*

The Strengthening Farming program was established to improve relationships between farmers and their neighbors and to ensure that farming could take place in the Agricultural Land Reserve (ALR) within a fair and supportive regulatory climate.

The *Farm Practices Protection (Right to Farm) Act* (FPPA) introduced in April 1996 to protect farmers from unwanted nuisance complaints underpins the program. Farmers who follow practices that meet requirements of the act are protected from nuisance lawsuits and enforcement of local nuisance bylaws.

The act creates a dispute resolution process involving the Farm Practices Board that considers formal complaints. The Ministry of Agriculture and Food along with farm industry peer advisors resolve concerns at an informal level. In the first three years of the act, the ministry handled over 300 farm practices cases via its informal "concerns"

process. In only 15 instances were formal complaints filed with the board. Most formal complaints are resolved by settlement agreements between the two parties, making formal hearings unnecessary.

FPPA has also made consequential amendments to the *Municipal Act* and *Land Titles Act* dealing with plans and bylaws affecting land in the ALR and subdivision of land next to farmland. The *Municipal Act* amendments provide for a zoning and rural land bylaw review process and an approval function for the Minister of Agriculture and Food regarding land in the ALR and the Minister of Fisheries regarding licensed aquaculture areas for provisions that are prohibitive and restrictive to farming. This initiative builds on and supports previous and current efforts of the Agricultural Land Commission (ALC) in working with local governments, subdivision approving officers and the general public on the review of plans and bylaws. In addition, Ministry of Agriculture and Food and ALC “agri-teams” were developed to work with local governments in over 100 different municipal or regional district plans, bylaws and other projects involving farm areas.

Agricultural Land Commission

The Agricultural Land Commission is an independent agency of the provincial government that identifies and protects the province’s agricultural land. The commission’s function is to preserve agricultural land, as designated in the ALR, for present and future farm use. The commission decides on applications for inclusion, exclusion, subdivision and non-farm use of land in the reserve which includes over 4.7 million hectares of land, or about 5 per cent of British Columbia’s total land area. The commission, reports to cabinet through the Ministry of Agriculture and Food.

The commission encourages the establishment and maintenance of British Columbia’s farms by preserving agricultural land, encouraging the use of land in the reserve in a way compatible with agricultural purposes, and by assisting local governments prepare community land use plans. In conjunction with local authorities, the commission is also responsible for enforcing and administering the *Soil Conservation Act*, which regulates soil removal and deposit of fill in the reserve.

The commission also provides advice on policy documents affecting agricultural land use including official community plans and bylaws developed by local governments, transportation and utility corridor proposals, and reviews ALR boundaries. The commission actively participates in growth strategies and “Right to Farm” planning processes.

Fisheries Programs

In February 1998, fisheries-related activities formerly carried out under the mandates of the Ministries of Agriculture, Fisheries and Food, and Environment, Lands and Parks, as well as the BC Fisheries Secretariat, were consolidated under the Ministry of Fisheries. The programs described below reflect the mandate and structure of the ministry while still providing a link to previous structures.

Aquaculture and Commercial Fisheries Programs

Programs delivered in this area have been broadened to include sport fisheries, market development and fish culture. A unified approach to the entire resource, under the Sustainable Economic Development Branch, ensures that all sectors of the fisheries under provincial management will benefit from continued development. The branch facilitates development of a competitive and environmentally responsible fisheries/aquaculture sector that enhances the economic strength of communities and the province, by encouraging industry diversification, investment and employment.

The provincial government's commercial fisheries management programs conserve and manage wild oyster stocks, marine plants and associated habitats, and facilitate development and diversification of commercial fisheries and aquaculture industries. These programs maintain population and habitat inventories; manage, licence and regulate freshwater commercial fisheries and aquaculture enterprises; conduct biophysical inventories; licence and regulate fish processors, buyers, vendor and fish brokers; and represent the province in international fisheries negotiations. Specific aquaculture programs include brood stock development, knowledge development and technology transfers.

*Fisheries
Development and
Diversification*

The Fisheries Development and Diversification program is a provincial initiative cost-shared with federal agencies and industry. The program promotes responsible fishing practices, conservation and management technology; sustainable diversification and development; and value-added opportunities in the seafood sector. In 1998/99, projects included seafood product diversification, new and under-used species development, technologies to improve biological knowledge of marine resources, fishing technologies, by-product utilization and enhancement of existing fisheries databases.

Salmon Habitat

The Fisheries Management Branch carries out the function of conservation, licensing and enforcement. The Urban Salmon Habitat program provided funding of \$1.1 million in 1998/99 to community groups involved in protecting and restoring urban salmon habitat. Other key initiatives in this area include stream mapping and development of water use plans for hydro facilities.

*Canada/
British Columbia
Agreement on the
Management of
Pacific Salmon
Fishery Issues*

In July 1996, the Canada/British Columbia Memorandum of Understanding (MOU) on Roles and Responsibilities was signed. The MOU focused on two key elements — a review of federal and provincial roles and responsibilities in the salmon fishery; and to identify impacts of, and improvements to, the federal Pacific Salmon Revitalization Plan (the Mifflin Plan). *Tangled Lines*, the report of the tripartite panel that reviewed the Mifflin Plan, made a number of recommendations to mitigate the impacts of the restructuring the province's commercial salmon fleet.

The review of roles and responsibilities resulted in the Canada/British Columbia Agreement on the Management of Pacific Salmon Fishery Issues, signed in April 1997. This agreement represents a significant breakthrough in British Columbia's goal of a greater role in fisheries management. The agreement provides new measures to protect fish stocks and habitat, stimulate job creation in the fishery sector, and provides new powers for fishing communities and stakeholders. The agreement established the Canada/British Columbia Council of Fisheries Ministers. Significant progress has been made through the council in areas of data sharing and steelhead management.

**Business and
Trade
Development**

Chapter 4 describes the industrial composition of the provincial economy, and highlights the physical infrastructure — highways, rail lines, airports, deep sea ports and communications networks — which support economic development. The provincial government also supports trade, and fosters economic growth and diversification through programs that provide information and advice to small businesses, encourage entrepreneurship and cooperative developments, enhance scientific and technological capacity, and increase British Columbia's competitiveness in domestic and overseas markets.

Small Business and Cooperative Development Programs	The provincial government supports small business and cooperative development in British Columbia through the delivery of program and policy advice to the small business community, equity financing programs, one-stop business registration, programs for youth entrepreneurship, promotion of cooperatives, and providing business information through the Canada/BC Business Service Centre. The government consults with the small business community on an ongoing basis to determine future programming needs and to address gaps in service, and consults with a number of key stakeholders including small business owners and operators, Chambers of Commerce, the Canadian Federation of Independent Businesses, the Economic Development Association of British Columbia, the Canadian Co-operators Association and other stakeholder groups. Appendix A6.2 outlines some financial incentive programs provided by government.
<i>Equity Financing</i>	Development of small businesses is supported through equity financing programs. The Equity Capital program, the Employee Share Ownership program and the Working Opportunity Fund address the difficulties faced by businesses in accessing financing for start-up or expansion. These programs encourage equity or risk capital investment by British Columbia residents in small to medium-sized businesses in the province.
<i>Government Agent Services</i>	Government Agents (GAs) provide public one-stop, integrated delivery of government programs, services and information through a network of 58 local offices in communities across the province. GA offices are the local face of government for more than 1.5 million citizens (and are the only source for government services in many British Columbia communities). GAs deliver hundreds of services in 50 program areas on behalf of more than 30 provincial government ministries and agencies. In 1998/99, GAs collected \$1.2 billion in revenue for the province, processed over 2.6 million revenue transactions and handled 1.2 million non-revenue customer inquiries. For a list of GA offices, see Appendix 9.
<i>One-Stop Business Registration</i>	The One-Stop Business Registration program is a user-friendly computer program that enables new and existing businesses to complete multiple government applications quickly and efficiently at one location. The program is available at personal computer workstations in 35 locations across the province, with an additional 15 new sites planned by April 2000.
<i>Canada/BC Business Service Centre</i>	The Canada/BC Business Service Centre in Vancouver provides market data and statistics, information about basic legal requirements, industry specific business planning guides, information on importing and exporting, and serves as a resource on government business programs and services. The centre maintains an award winning Internet web site (http://www.sb.gov.bc.ca), which includes a complete business plan package with an interactive business planner.
<i>You BET!</i>	The Youth Business and Entrepreneurship Training Program (You BET!) offers youth the opportunity to learn how to start a business or cooperative. Through a three-stage series of training sessions, youth develop business skills and learn about resources available in their community. Stage 1 is a one-day workshop designed to introduce business principles and existing community resources. Stage 2 consists of three days of workshops designed to help participants identify viable business ideas and to determine their feasibility. Stage 3 involves 12 days of training designed to teach young adults how to conduct market research, prepare cash flow statements and complete business plans. In 1998/99, the program assisted over 1,800 youth in 49 communities across British Columbia.

<i>Youth Mentorship</i>	The Youth Mentorship program links interested youth with local business operators for experienced guidance during the business development process. This program runs in tandem with stage 3 of the You BET! Program. In 1998/99, over 300 youth were matched with local mentors. Youth enrolled in other entrepreneurship training programs are also eligible to participate in this program.
<i>Vision for the Future</i>	This program is designed to increase the awareness of aboriginal youths of current marketable skills that are in demand and entrepreneurship/self-employment as a career option. It provides aboriginal youth with career information and resources through a symposium/conference with industry, government, educational organizations and aboriginal entrepreneurs. The program also provides direction to aboriginal youth on how to pursue skill development through academics, work experience opportunities, and other government programs such as You Bet! In 1998/99, the program was delivered to 11 communities and exceeded its target of 750 participants. Over 2,800 aboriginal youth attended Visions for the Future conferences.
<i>Cooperative Development</i>	The Cooperative Development program supports regional economic development by helping participants start new cooperative businesses. A business cooperative can be formed in any sector or by any group of people with a common vision and business objective. In 1998/99, 17 new cooperatives received funding assistance for incorporation fees and board training and development through the Business Cooperative Venture program.
Science and Technology	<p>The Science, Technology and Telecommunications Division of the Information Science and Technology Agency provides leadership, coordination and funding to enhance British Columbia's scientific and technological capacity, development of the high-technology sector and policy development to improve access to telecommunication networks and services. The division provides programs and funding for research and development; technology commercialization; development infrastructure for high technology, human resources development and career encouragement; awareness of British Columbia's scientific and technological capability; operation of Enquiry BC; and representation of the province's interest in federal regulatory process and policy development. In 1998/99, the division invested \$17.5 million in these areas. Appendix A6.2 outlines some of the major programs provided by the division. Other programs provided include:</p> <ul style="list-style-type: none"> • <i>University Industry Liaison Offices</i> — assist universities to identify new technologies with commercial potential developed by their researchers and identify commercial partners for further development and commercialization of innovations. • <i>Regional Technology Transfer Network</i> — assists local industry and academia in identifying new markets and implementing new technologies and innovations through regional councils and technology access centres. • <i>Enquiry BC</i> — helps the public contact the correct provincial program or service at their first point of contact and works to improve other means of access to government services, such as the Internet BC Government Directory, British Columbia Blue Pages listing and development of the new Internet BC Guide.
International Trade and Investment Programs	The Ministry of Employment and Investment (MEI) develops provincial trade policies and trade negotiation strategies, and advances the province's interests in trade disputes. More information on international and national relations is provided in Chapter 5.

<i>Trade Advisory</i>	The Trade Advisory Unit coordinates the provincial government's involvement in the implementation of international trade agreements and represents the government's interests in disputes and issues arising from these agreements. The unit also reviews other ministries' policy and program initiatives to ensure consistency with Canada's international trade agreement obligations.
<i>Institutional Infrastructure for International Business</i>	<p>MEI is responsible for developing the institutional infrastructure for international business activity in British Columbia, including:</p> <ul style="list-style-type: none"> • the International Financial Centre in Vancouver, which assists member financial institutions expand their international financial business activity with non-residents of Canada and to benefit from tax and regulatory exemptions under provincial legislation; • the Asia Pacific Foundation, an independent, non-profit organization that advances knowledge and understanding, and promotes business relationships between the people and institutions of Canada and the Asia Pacific region; and • the International Maritime Centre, a non-profit society that responds to inquiries from international shipping companies and facilitates establishment of international shipping-related operations in the province. More than 25 companies have relocated to, or established head offices in, British Columbia, creating over 450 permanent skilled jobs.
<i>British Columbia Trade and Investment Office</i>	The British Columbia Trade and Investment Office (BCTIO) provides one-stop access for both investors and exporters resulting in a more coordinated, integrated and effective approach to industry development, investment and export activities.
<i>Business Immigration</i>	<p>The Investment Facilitation Branch of BCTIO monitors investment activities and facilitates business investment under the investor and entrepreneur immigration programs of the federal <i>Immigration Act</i>. The branch works with British Columbia businesses, development agencies, and prospective and new immigrant investors and entrepreneurs, to identify investment and partnership opportunities that would advance the provincial government's economic development objectives. To attract qualified, experienced business people, the branch conducts targeted marketing activities, domestic orientation seminars, investment matchmaking and individual counselling. It also facilitates immigration of essential management personnel for corporations wishing to relocate to British Columbia.</p> <p>Immigrants entering British Columbia under the investor category must invest a minimum of \$350,000 over a five-year period in business activities acceptable to the provincial government. In 1998, 1,569 investors — 35 per cent of Canada's total — relocated to British Columbia. Immigrants entering under the entrepreneur category are expected to actively manage a business investment of at least \$150,000 in the Lower Mainland, or at least \$90,000 elsewhere in the province. In 1998, British Columbia was the stated destination for 1,884 entrepreneurs — about 30 per cent of Canada's total. Significant numbers of immigrant entrepreneurs also arrive in British Columbia via other provinces.</p>
Tourism Programs	Tourism British Columbia, a Crown corporation established in June 1997, is responsible for promoting development and growth of the tourism industry, and for increasing tourism revenue and employment throughout the province (see Chapter 7 for more information).

Government Services Government services programs in the Ministry of Finance and Corporate Relations provide purchasing services and contract management services, business and demographic statistics and analysis, and product sales and services (including printing, publishing, stationery products, mail distribution and disposal of surplus Crown assets and intangible property) to the provincial government and to some Crown corporations and agencies. Annual purchase awards made through the Purchasing Commission were \$198 million for goods and \$112 million for services in 1998/99.

Commercial and Financial Regulation

The provincial government is responsible for regulating commercial and financial activity in British Columbia. Government activity in this area ensures the protection of consumers, integrity of financial markets and institutions, and promotes a stable operating environment for business.

Consumer Services The Ministry of Attorney General develops, administers and enforces consumer legislation to promote fairness and understanding in the marketplace.

Consumer Services Division The Consumer Services Division investigates consumer complaints, develops consumer policies and legislation to regulate the activities of various agencies and businesses, and enforces provisions of consumer legislation. (Other functions of the division are discussed in the Administration of Justice section of this chapter.) The division uses mediation and negotiation practises to handle complaints, investigates alleged violations of the province's consumer protection laws, prepares enforcement reports and initiates enforcement action where appropriate. Major areas of consumer complaint reflect deceptive and misleading practices by sellers. Complaints investigated involve *Motor Dealer Act* offences, used vehicle purchases, home renovation services, telemarketing and advertising offences, and miscellaneous purchase complaints.

In 1998/99, the division received more than 24,000 complaints and inquiries, opened 1,330 investigation files, performed 752 inspections, laid 15 criminal charges and issued 158 warnings. The division also successfully resolved 760 consumer complaints resulting in over \$4.1 million in restitution.

Travel Services The Travel Services program administers the *Travel Agents Act* and its regulations to ensure that all persons and travel agencies in the province selling or offering retail or wholesale travel services are registered. As of March 31, 1999, there were 1,157 registered travel agencies in the province, down 14 agencies from the previous year.

During 1998/99, \$459,037 was paid out of the Travel Assurance Fund to compensate 763 eligible consumers who prepaid their travel services but did not receive those services. This compares to \$51,227 that was paid out of the fund to compensate 155 eligible consumers in the previous year. The fund balance as of March 31, 1999, was \$2,204,227, basically unchanged from March 31, 1998.

Motor Dealer Licensing Motor Dealer Licensing administers the *Motor Dealer Act*, the Motor Dealer Customer Compensation Fund Regulation and the Motor Dealer Consignment Sales Regulation. The section protects consumers by defining specific requirements that must be met by motor dealers prior to licensing. In 1998/99, 1,706 dealers were licensed, an increase of 11 from the previous year. Regulations also provide protection by mandating full disclosure of vehicle history by dealers, as well as coverage of up to \$20,000 for losses by individual customers. During 1998/99, the Motor Dealer Customer Compensation Fund paid out \$170,059 to 39 consumers. This compares to \$208,827 paid out to 13 consumers in the previous year. As of March 31, 1999, the fund balance was \$1,457,740, up almost \$465,000 from March 31, 1998.

<i>Direct Sellers</i>	The Registrar of Direct Sellers administers the Direct Seller Regulation under the <i>Consumer Protection Act</i> . In 1998/99, 113 direct seller (door-to-door sales) companies were licensed and bonded, down 3 sellers from last year. Salespersons and agents representing direct seller companies are required to produce proof of licensing, including photo identification, when soliciting consumers door-to-door.
<i>Cemeteries and Funeral Services</i>	The Registrar of Cemeteries and Funeral Services regulates the establishment and operation of cemeteries and crematoria. As of March 31, 1999, 130 funeral homes, 390 funeral directors and 288 embalmers were licensed to operate in the province. Most cemeteries are required to create and maintain perpetual care funds, which represent a minimum of 25 per cent of the price of each plot sold and \$10 for each memorial marker installed. These funds, held in trust by financial institutions, amount to about \$45 million. Operators can use income from the funds to defray maintenance costs. The registrar also approves and regulates the selling of pre-arranged cemetery and funeral service plans, and ensures that money received from consumers is deposited with savings institutions pursuant to specific trust agreements.
<i>Debt Collection</i>	Under the <i>Debt Collection Act</i> , debt collection agencies, debt collectors and bailiffs are registered. The section licensed 191 agencies and 1,153 collectors in 1998/99, and handled 2,000 complaints against registrants. This compares to 202 agencies and 1,005 collectors licensed, and 4,769 complaints handled in the previous year.
<i>Credit Reporting</i>	The Credit Reporting section administers the <i>Credit Reporting Act</i> that regulates credit reporting agencies. The section handles complaints regarding individual credit records, and liaises with credit reporting agencies. There were 19 registered agencies and 208 complaints in 1998/99, compared to 25 registered agencies and 256 complaints in the previous year.
<i>Residential Tenancy Office</i>	The Residential Tenancy Office provides information and assistance to landlords and tenants on their legal rights, responsibilities and options under the <i>Residential Tenancy Act</i> ; improves public awareness of provisions under the act; and administers dispute resolution processes using government appointed arbitrators and mediators. Arbitrators issue orders dealing with residential tenancy issues, including debts, damages, reviews of rent increases, notices of termination, possession, access, and repairs and services. Claims of up to \$10,000 may be arbitrated, and arbitrator's orders can be enforced through the courts. In 1998/99, the office answered 302,799 telephone enquiries, conducted over 49,000 personal interviews, and scheduled more than 23,500 arbitration hearings and 40 mediation applications (encompassing over 1,100 participants). This compares to nearly 312,000 telephone enquiries, 51,000 interviews, 26,000 arbitration hearings and 64 mediation applications affecting over 1,300 participants in the previous year.
<i>Arbitration Review Panel</i>	<p>The Arbitration Review Panel provides landlords and tenants with an affordable and timely administrative review of arbitrations conducted according to the <i>Residential Tenancy Act</i> as an alternative to more costly and lengthy judicial review in the Supreme Court of British Columbia. Landlords and tenants may apply to have an arbitration decision reviewed if they feel that the decision was not arrived at fairly.</p> <p>In 1998/99, the panel received 1,559 applications, of which 629 cases were granted leave for review. This compares to 1,655 applications and 659 cases granted leave for review in 1997/98. Of the cases reviewed, 138 decisions were confirmed and 143 were set aside. This compares to 214 confirmed decisions and 171 set aside last year. The panel also handled 20,473 requests for information from the public, down from 22,326 the previous year.</p>

Liquor Control and
Licensing

The Liquor Control and Licensing Branch is responsible for controlling access to and encouraging the responsible use of alcohol. The branch issues and transfers licences for resale and manufacture of liquor; approves and monitors product advertising; inspects licensees to ensure compliance with the law; maintains public relations with law enforcement, local government and other regulatory agencies; takes appropriate compliance action for contravention of the *Liquor Control and Licensing Act* and its regulations; and liaises with stakeholders to develop effective policy and legislation.

As of March 31, 1999, there were 10 categories of liquor licences in British Columbia and 7,628 licensed premises, up 140 from the previous year. There were also 101 licensed manufacturers producing alcoholic beverages, an increase of 15 from the previous year. These ranged from small farm wineries and cottage breweries to large commercial distilleries, breweries and wineries. There were 27,511 special occasion licence permits issued (down 242 from 1997/98), and the branch received 2,295 applications for advertising approvals (down 787 from 1997/98). Enforcement problems resulted in 536 warning letters issued, 45 hearings and 51 suspensions. A total of \$5.7 million in administrative receipts was collected for services, up slightly from the previous year.

In June 1999, the government accepted recommendations made by an independent consultant for modernizing and simplifying British Columbia's liquor laws. Implementation of these significant changes to simplify the licensing process, reduce the number of licence categories and reduce the duplication and unnecessary regulations that have caused backlogs and appeals will take place over the next two years. An advisory committee of stakeholders has been appointed to provide advice and assistance in implementing the changes.

Transportation
Safety

The Ministry of Transportation and Highways (MoTH) promotes safe and efficient movement of people and resources within the provincial transportation system. A safe transportation system minimizes economic and human costs associated with moving goods and people, thus enhancing provincial economic competitiveness and improving the overall quality of life. The ministry plans, designs, constructs, operates and maintains highways in a manner that facilitates safe transportation. Safety improvement is an important objective of the ministry's capital, rehabilitation and maintenance programs. Highway safety improvement and guardrail programs address highway sites with safety concerns. MoTH also works with the Insurance Corporation of British Columbia to identify highway locations with proven safety problems, and funds highway improvements to reduce the frequency and severity of accidents.

*Office of the
Superintendent of
Motor Vehicles*

The Office of the Superintendent of Motor Vehicles (OSMV) is responsible for ensuring that drivers in British Columbia are fit and able to drive safely. OSMV makes decisions about drivers fitness, conducts reviews of Administrative Driving Prohibition/Vehicle Impoundment programs decisions, conducts appeals of certain licensing decisions, and administers a driver impoundment program.

During 1998/99, OSMV staff reviewed the medical fitness of 71,788 drivers, conducted 7,160 reviews of Administrative Driving Prohibition decisions, 8,907 reviews of Vehicle Impoundment decisions and 4,469 reviews of driver improvement decisions.

*Motor Carrier
Commission*

The Motor Carrier Commission regulates extra-provincial and intra-provincial motor carriers, including the commercial trucking industry, buses and taxis. The commission promotes adequate and efficient service, safety on public highways, and sound economic conditions in the provincial transportation industry. The commission's

operational arm, the Motor Carrier Department, accepts applications, conducts investigations, issues licence documentation and collects revenue on behalf of the commission.

Infrastructure Safety
and Standards

The Safety and Standards Department of the Ministry of Municipal Affairs provides services to ensure safe living and working conditions. Services relate to the building code; fire prevention and investigation; installation and operation of boilers and pressure vessels, elevators, amusement rides, gas and electrical systems, and aerial tramways; and intra-provincial railways. The department in conjunction with industry undertakes standards development, safety education and safety assurance activities.

Corporations and
Financial Institutions

The Ministry of Finance and Corporate Relations is responsible for regulating financial and commercial activities under provincial jurisdiction.

*Corporate and
Personal Property
Registries*

The Corporate and Personal Property Registries administers the incorporation and registration of companies, partnerships, societies and cooperatives; registers security interests against personal property; and registers ownership and location details of manufactured homes in the province. This information is made available to the public mainly to support commercial and legal transactions.

The registry's strategic direction is to increase the number of services available electronically, so that clients can conduct business through remote access. In support of this objective, the Manufactured Homes Registry implemented electronic registration of new homes by manufacturers and dealers. The Personal Property Registry is being enhanced to receive electronic submission of change statements. Also, the government plans to introduce a new *Company Act*, including a provision for significant automation and electronic filing of information.

*Financial
Institutions
Commission*

The Financial Institutions Commission (FICOM) administers 10 provincial statutes that regulate the financial services and real estate industries in British Columbia. FICOM reports to the Minister of Finance and Corporate Relations.

Statutes that FICOM administers protect depositors against insolvency of a trust company or credit union, protects insurance policy holders against insolvency of an insurance company and safeguards consumers against improper market conduct in the financial and real estate industries. FICOM works with two self-regulatory organizations, the Real Estate Council of British Columbia and the Insurance Council of British Columbia, to oversee activities of real estate agents; salespersons and property managers; and insurance agents, salespersons and adjusters. Through the Credit Union Deposit Insurance Corporation, FICOM also insures credit union deposits and non-equity shares up to a maximum of \$100,000 per separate deposit per credit union.

As of March 31, 1999, there were 86 credit unions in the province with total assets of \$21.3 billion; 47 trust companies with total deposits in British Columbia of more than \$7 billion; 279 insurance entities with annual premium revenues from British Columbia operations of \$3.6 billion; and 1,500 registrants under the *Mortgage Brokers Act*. In addition, there were 16,000 registrants under the *Real Estate Act* and 21,000 insurance agents, salespersons and adjusters under the *Financial Institutions Act*.

*British Columbia
Community
Financial Services
Corporation*

The British Columbia Community Financial Services Corporation was established in 1994 to provide financial services to residents of Vancouver's inner city area who may not otherwise have access to basic banking services. Four Corners Community Savings was opened by the corporation in Vancouver's downtown eastside area in April 1996. This community-based financial institution is operated by the corporation and regulated by the Superintendent of Financial Institutions.

*British Columbia
Securities
Commission*

The British Columbia Securities Commission is an independent Crown agency responsible for regulating trading in securities and exchange contracts in the province. The commission ensures that investors have access to the information needed to make informed investment decisions; provides rules of fair play for the markets; establishes qualifications and standards of conduct for people registered to advise investors and to trade on their behalf; and protects the integrity of the capital market and confidence of investors. Through the Canadian Securities Administrators, the commission cooperates actively with other securities regulatory authorities to regulate the Canadian securities market.

In 1998/99, the commission had a staff of 175 people and operating expenses of \$17 million, up \$1.7 million from last year, funded by registration, prospectuses and other filing fees paid by the industry. In 1998/99, 18,076 individuals (up 14.6 per cent from the previous year) and 261 firms (up only slightly from the previous year) were registered to trade in securities. The commission received 1,784 prospectuses (a decline of 9 per cent from the previous year) and 907 requests for discretionary exemptions from legislative requirements (up 19.5 per cent from the previous year).

The commission web site (*www.bcsc.bc.ca*) was again upgraded in the past year to enhance public access to investment and regulatory information. The System for Electronic Data and Retrieval (SEDAR) web site now averages 1.5 million hits per year. The commission's public information centre received 2,533 requests for public files, down 1,868 requests from last year largely due to increased public access to on-line disclosure documents and market information through SEDAR and commission web sites.



Technology and its Impact on Provincial Programs

Introduction

Throughout history, technological innovation has been a major factor driving economic growth and determining which nations prosper and which fall behind.

Although there have always been fears that technological advances will produce widespread unemployment, most economic research shows that technology ultimately creates more jobs than it displaces¹. For example, the spread of Internet usage since the early 1990s has created large numbers of jobs in the software industry and boosted demand for computers and communications hardware. It is also supplanting the help-wanted pages in newspapers, creating quicker matches between job-seekers and potential employers than ever before. Arguably, this has reduced frictional unemployment and the costs of job search and recruiting.

Technology also has the capacity to deliver a higher standard of living to people through labour- and time-saving and quality-of-life innovations. Medical technologies and innovations have the capacity to extend and improve the quality of life. Data from Statistics Canada's household facilities survey shows increased use over time of consumer technologies such as TVs, CD players, VCRs, home computers and cellular phones among all income groups. Interestingly, British Columbia is a leader among provinces with 43 per cent of households having a personal computer. Increased penetration of these consumer technologies has occurred at the same time as per capita disposable income growth in Canada has stagnated. This indicates that innovation has boosted consumers' overall purchasing power, despite limited income gains.

While technology has the capacity to improve living standards, there are concerns about its possible harmful effects and inappropriate use. Genetically-engineered foods, cellular phones, human reproductive technologies, data mining by Internet marketers and the widespread use of public surveillance and communications monitoring are areas where technology raises health, safety, ethical and privacy issues. In addition, the feared impact of the Year 2000 date change and events, such as the July 16, 1999 fire in a Toronto telephone switching centre that affected the Canadian data communications network, suggest to some that society is too dependent on technology. Beyond these concerns, the emergence of the voluntary simplicity movement is evidence that scientific and technological advance is not universally regarded as "progress".

In the public sector, there are several examples of how technology is being used to deliver services more quickly and efficiently.

Health

Emergency Department Access is a pilot project developed by PharmaNet with the College of Physicians and Surgeons of British Columbia and the College of Pharmacists of British Columbia to provide patient medication histories in a timely, secure manner. Physicians can access the medication histories on emergency department patients who are frequently ill, in pain, confused, frightened or otherwise unable to relate accurate information about their health. Physicians have supported this initiative by saying, "[Access to PharmaNet] fundamentally changes the way we practice, because it provides an independent source for what is essentially a medical history." Emergency Department access to patient medication histories has affected approximately 20 per cent of medical treatment decisions and 11 per cent of medication decisions. A side benefit has been the ability of PharmaNet to provide emergency physicians with information about drugs they would not usually prescribe.

¹ For an overview of the relationship between technology and economic growth, see Richard G. Lipsey, *Economic Growth, Technological Change, and Canadian Economic Policy*, C.D. Howe Institute Benefactors Lecture (1996) and Jeffrey C. Fuhrer and Joan Sneddon Little, editors, *Technology and Growth*, Federal Reserve Bank of Boston conference proceedings (June 1996).



Heritage

The Amazing Time Machine was developed by the BC Archives to make the rich historical heritage of the province accessible to British Columbians. The Time Machine features 11 historical galleries linked to a treasure trove of British Columbia's historical documents focused on providing enhanced access to kindergarten-to-grade 12 students. Direct access to archival resources is provided to over 600,000 students across the province. Teachers can incorporate material from the history of the province directly into social studies curricula.

Education

Provincial Learning Network (PLNet) is designed to be a common telecommunications network that will interconnect all schools, school district offices, universities, university colleges, colleges and institutes, community skill centres, public libraries, museums, and science and cultural organizations within British Columbia. PLNet is expected to provide high-speed communication services to all schools throughout the province, extending the telecommunications infrastructure into rural and remote communities that do not have these services today. PLNet provides communities with access to other programs and services that would otherwise have been out of their reach (such as the Amazing Time Machine).

Economy and Business

Manufactured Home Registry is responsible for registering the description, ownership and location of manufactured homes in the province. Electronic access to the registry is provided through BC OnLine and has resulted in an increase in the number of title searches (almost 90 per cent of searches are done electronically) while staff work loads have been cut in half.

One Stop Business Registry (OSBR) was developed in response to the British Columbia business community's call to reduce red tape by reducing the time, cost and paperwork of registering a business at all levels of government. Frequently-used registration processes were brought together and information input consolidated into a single point of access. Clients enter information once while registering with the provincial and federal governments.

Over 80 per cent of clients using the OSBR are "highly" or "very highly" satisfied, and use of the system has doubled every year since its introduction. OSBR has improved the accuracy, legibility completeness and filing times for applications, while reducing turnaround times and administrative costs.

BC Bid was developed by the Purchasing Commission as one of the first Internet-based applications to advertise bidding opportunities within the public sector. The system allows the provincial government, Crown corporations, school districts and municipalities to post their bidding opportunities. Previously, bids involved photocopying information packages that were sent to specific companies. BC Bid provides more businesses with 24-hour access to public sector bidding opportunities, while greatly reducing processing costs.

In 1997, BC Bid won the bronze medal at the Distinction Awards held in conjunction with the Government Technology Exhibition and Conference.



Chapter Seven

Crown Corporations and Agencies



W.A.C. Bennett Dam

Chapter 7 Crown Corporations and Agencies

Introduction

British Columbia has capitalized on the opportunity for public entrepreneurship through the creation or acquisition of Crown corporations and agencies. These entities were established to combine the pursuit of public policy goals with private sector management practices. They vary greatly in terms of size and scope from corporations such as the British Columbia Hydro and Power Authority and the Insurance Corporation of British Columbia, to the more limited scope of entities like the Okanagan Valley Tree Fruit Authority. Crown corporations provide energy, insurance, transportation and telecommunications services to provincial residents, and building, land management and property assessment services to provincial and local governments.

There are three categories of Crown corporations:

- **Commercial Crown corporations** generate revenue from the sale of services at commercial rates and pay their own operating expenses, including debt service charges.
- **Economic development Crown corporations** generally sell services to the public or undertake projects that provide economic benefits to the province. Since they may not generate enough revenue to break even, these corporations may receive some financial assistance from the government or receive dedicated provincial revenue.
- **Social and government service Crown corporations** cover most of the remaining Crown corporations and agencies. In general, these corporations receive government financial assistance to deliver social programs and/or other government services.

The operations of Crown corporations are recorded in their own financial statements, which are subject to audit by the Auditor General or by private sector auditors. The government's consolidated revenue fund financial statements reflect transactions between the government and its Crown corporations and agencies. Combined financial results of the government and its Crown corporations and agencies are reported in the government's summary financial statements (see Chapter 2).

The Crown Corporations Secretariat (CCS) reports to the Minister of Advanced Education, Training and Technology, who also chairs a Cabinet Committee on Crown Corporations. CCS provides central agency support to government, including financial and economic analysis, on major operational and strategic issues in the Crown corporations sector. CCS's mandate includes ensuring that Crown corporations operate within the policy parameters set by Cabinet.

Appendix A7.9 lists major Crown corporations and agencies by type and function, as well as their general mailing addresses and telephone numbers. Appendix 7 also includes five-year comparative financial information for certain Crown corporations. Appendix A2.11 summarizes the outstanding net debt of provincial Crown corporations and agencies.

Commercial Crown Corporations

British Columbia Hydro and Power Authority

British Columbia Hydro and Power Authority (BC Hydro) is the province's largest Crown corporation and the third largest electric utility in Canada. It serves over 1.5 million customers in an area containing over 94 per cent of British Columbia's population. Between 43,000 and 54,000 gigawatt-hours (GWh) of electricity are generated annually, depending upon prevailing water levels, with more than 80 per cent produced by major hydroelectric generating stations on the Columbia and Peace Rivers. Electricity is delivered to customers via more than 74,000 kilometres of transmission and distribution lines. BC Hydro's generating capacity at March 31, 1999 was 11,045 megawatts.

Results of Operations

Net income for the year ended March 31, 1999 was \$395 million, \$13 million lower than 1997/98 (see Table 7.1). Higher electricity trade and domestic revenues than in the prior year were partially offset by increased energy costs. Increases in finance charges and operations, maintenance and administration (OMA) expenses also contributed to the decrease in net income. Net income in 1998/99 also reflects \$12 million in costs relating to the Employee Transition Options program. This program was designed to mitigate the impacts on employees holding positions that were subject to reduction or relocation.

Revenues

Residential revenues of \$855 million were \$16 million higher than the previous year primarily due to customer growth with close to 20,000 residential customers added to the BC Hydro system during the year.

Light industrial and commercial revenues of \$838 million increased \$10 million over 1997/98. Most of this increase resulted from customer growth particularly in the wholesale, retail and small business sectors. A total of 3,693 new customers were added to the system during the year.

Large industrial revenues were \$488 million, compared with \$424 million for the previous year, an increase of 15 per cent. This was primarily due to the settlement of a nine-month strike at a major forest products company in April 1998. New mining customers in the latter part of last year and the start of this year also contributed to the increase.

Other energy sales and miscellaneous revenue totalled \$97 million, down \$4 million from last year. Other energy sales include street lighting and irrigation services as well as sales to other utilities.

Electricity Trade

Electricity trade transactions are carried out by Powerex, a wholly-owned subsidiary of BC Hydro that buys and sells power across Western North America. Electricity trade revenues in 1998/99 were \$739 million, up \$398 million from the previous year, mainly due to a 52-per-cent rise in average sales prices, which increased to \$39.49 per megawatt-hours (MWh) in 1998/99 from \$25.91 per MWh in 1997/98. Hot summer weather, particularly in California, and a volatile market contributed to the increase in market prices. Energy sales volumes increased to 18,715 GWh in 1998/99 from 13,168 GWh in 1997/98, primarily due to an active short-term market, increased marketing efforts, and access to United States delivery points and new customers as a result of a Power Marketing Authorization from the U.S. Federal Energy Regulatory Commission to buy and sell power wholly within the United States.

While electricity trade revenues increased significantly, the net income on electricity trade remained the same as last year at \$179 million. BC Hydro's electricity trade income is highly dependent on the level of its hydro energy resources in excess of

Table 7.1 British Columbia Hydro and Power Authority Financial and General Operating Data

Fiscal year ended March 31,	1999	1998	Change 1998-1999
Electric			(per cent)
Installed generating capacity(megawatts) ¹	11,045	10,999	0.4
Number of customers(thousands)	1,558	1,535	1.5
Electricity sold (domestic)(gigawatt-hours) ²	45,791	43,292	5.8
Electricity sold (export)(gigawatt-hours)	18,715	13,168	42.1
Peak one-hour demand(megawatts)	8,777	8,243	6.5
Average revenue per kilowatt-hour			
Residential service(cents)	6.1	6.1	—
Large industrial(cents)	3.3	3.3	—
Average domestic(cents)	4.9	5.0	-1.0
Electricity trade(cents)	3.9	2.6	50.0
Gross revenue	(\$ millions)	(\$ millions)	(per cent)
Domestic	2,278	2,192	3.9
Electricity trade	739	341	116.7
Total	<u>3,017</u>	<u>2,533</u>	19.1
Net operating income	<u>395</u>	<u>408</u>	-3.2
Net capital assets (outstanding book value)	9,251	9,168	0.9
Long-term debt	7,491	7,191	4.2
Retained earnings	1,312	1,243	5.6
Dividend to the province	326	366	-10.9

¹ Megawatt = one million watts.

² Gigawatt-hour = one million kilowatt-hours.

Source: British Columbia Hydro and Power Authority.

domestic requirements, as this energy can be sold in the electricity trade market at very favourable margins. In 1998/99, the profit margin fell to 24 per cent from 52 per cent last year as a result of significantly lower water flows into BC Hydro's reservoirs compared to record water flows into BC Hydro's reservoirs last year. As a result, a greater reliance was placed on energy purchases to meet electricity trade demand. A lower margin is earned on these transactions because the cost of purchased energy is higher than the cost of hydro energy.

Cost of Energy

Total energy costs of \$1,075 million increased by \$465 million from last year, with electricity trade energy costs accounting for 86 per cent or \$398 million of the increase. The rise in total energy costs was primarily due to higher volume and price of energy purchases together with higher electricity trade transmission costs due to an increase in sales volumes.

Energy purchases increased significantly from the prior year as a result of opportunities to re-sell at higher prices on the electricity trade market and to supply increased domestic demand. Lower inflows into the reservoirs meant reduced use of low-cost hydro generation and increased reliance on higher priced energy purchases. Water inflows were 90 per cent of average this year compared to 121 per cent of average last year. Average short-term energy purchase prices almost doubled, increasing to \$31 per MWh in 1998/99 from an average of \$17 per MWh in 1997/98.

<i>Expenses</i>	<p>Operations, maintenance and administration expenses of \$408 million were \$23 million higher than in 1997/98. Increased trouble calls due to severe wind storms experienced this year together with expenditures relating to the development and implementation of new initiatives, programs and services were the primary reasons for the increase. Costs incurred to maintain system reliability and to service customer growth also contributed to the increase. More than 23,000 new residential and industrial customers were added to the electricity system during 1998/99.</p> <p>Depreciation and amortization expenses increased to \$339 million, up \$3 million from the previous year. The increase reflects more assets in service primarily due to customer growth and consequent system reinforcements.</p> <p>Finance charges increased by \$30 million from 1997/98 due primarily to a weaker Canadian dollar, which increased the cost of holding U.S. debt. The Canadian dollar averaged 66.3 cents U.S. this year compared to 71.1 cents U.S. last year. A decrease in sinking fund income due to a lower volume of Canadian sinking fund investments also contributed to the unfavourable variance. Lower debt levels throughout most of the year helped to partially mitigate the impact of the increase in finance charges.</p>
<i>Employee Transition Option Costs</i>	<p>In its continuing drive to lower costs and realize efficiencies, BC Hydro introduced the Employee Transition Options program this year to mitigate the impact of business improvement initiatives on employees. These options provided employees with voluntary retirement offers and employee transition options for those positions subject to permanent reduction or relocation. Total cost of the program was \$12 million.</p>
<i>Payment to Province</i>	<p>During 1998/99, BC Hydro paid a dividend to the province of \$326 million, down \$40 million from the previous year due to a decrease in distributable surplus (net income before any customer-profit sharing, adjusted for interest during construction and related depreciation). Net income before customer-profit sharing was \$440 million in 1997/98 compared with \$395 million this year. A one-time profit sharing credit totalling \$32 million was provided to all customers due to BC Hydro's financial performance in 1997/98, which was largely a result of exceptionally high inflows into reservoirs in 1998.</p>
<i>Capital Expenditures</i>	<p>The total of BC Hydro's capital expenditures, excluding demand-side management programs, was \$402 million in 1998/99, up \$83 million from the previous year. This included expenditures to expand and improve the distribution system to serve customer growth, and for upgrades to substation, transmission line, control, and communications and generation systems. The increase in expenditures from the prior year was primarily due to an increase in generation upgrade costs, which include the Stave Falls powerplant replacement. The existing five-unit, 52.2 MW powerplant is being replaced by a two-unit, 90 MW plant in order to improve reliability and increase output. The powerplant is expected to be in service in late 1999. The generation upgrade costs also included expenditures related to the Burrard Upgrade Project and construction costs for the Fort Nelson Gas Turbine Plant. The 1998/99 expenditures at the Burrard Generating Station relate to the addition of advanced emission controls on the fourth of six generating units. The upgraded units are achieving a 90-per-cent reduction in nitrogen oxide emissions and a 1-MW-per-unit increase in generation output. The Fort Nelson plant is a 45-MW natural gas-fired generator that was needed to reduce the number and length of electrical outages the area had experienced. Over the last few years, Fort Nelson was supplied with power from Alberta with back up from older, less reliable diesel generators.</p>

British Columbia
Railway Company

British Columbia Railway Company (BC Rail) is made up of four operating companies (BCR Group), which provide transportation and real estate services in British Columbia. BC Rail operates as a commercial entity and competes in the private sector with other railway, trucking firms, land developers and port operators.

- BC Rail, Canada's fourth largest railway, operates 2,314 kilometres of mainline track and 638 kilometres of industrial and yard track and sidings throughout British Columbia. Connections at North Vancouver, Prince George and Dawson Creek provide access to the North American railway network. A separate 37-kilometre rail line connects transcontinental carriers to Roberts Bank, a port facility for coal mines in southeastern British Columbia and Alberta. Revenue is earned from transporting natural resources, passenger service, car hire and intermodal operations.
- Vancouver Wharves is a deep-sea bulk loading facility located in North Vancouver. It is currently constructing the first specialty agricultural products terminal facility on the West Coast.
- Canadian Stevedoring Company Limited (Casco), a major marine terminal operator was acquired in October 1998 for \$39 million. Casco provides stevedoring and cargo management facilities and operates ocean terminals in Vancouver and Prince Rupert.
- BCR Properties is a real estate development company whose current portfolio consists of about 1.25 million square feet of industrial/commercial income-producing properties.

Operations

A summary of consolidated operating results of BCR Group is shown in Table 7.2. The 1998 net income of BCR Group was 34 per cent lower than the \$40 million earned in the previous year. The 1998 operating ratio (the ratio of operating expenses incurred to revenue earned) was 0.85, up from 0.82 in 1997.

Operation results in 1997 and 1998 include non-recurring severance charges and costs related to changes to conductor pilot work arrangements (\$7 million) and employee training costs for BC Rail's enterprise-wide information system (\$2 million). Excluding these items, 1998 consolidated net income was \$35 million compared to \$41 million in 1997.

Table 7.2 British Columbia Railway Company Consolidated Summary Income Statement and Operating Data

Fiscal year ended December 31,	1998	1997	Change 1997-1998
	(\$ thousands)	(\$ thousands)	(per cent)
Revenues	417,567	427,118	-2.2
Expenses	355,491	349,539	1.7
Operating income	62,076	77,579	-20.0
Finance costs and income taxes	(35,562)	(37,381)	-4.9
Net income	26,514	40,198	-34.0
Number of carloadings	193,882	212,189	-8.6
Revenue tons(thousands)	16,230	17,933	-9.5
Employees at year end	2,249	2,361	-4.7
Revenue ton-miles(millions)	4,947	5,200	-4.9

Source: British Columbia Railway Company.

Consolidated revenues for 1998 were \$418 million, down \$10 million or 2 per cent from 1997, mainly due to lower volumes and rates for transporting forest products and coal. Lower freight revenues were offset in part by improved revenues earned by the car fleet. Casco contributed \$15 million in revenues that offset part of the decline in rail freight revenue. Building rent revenues and profit from land sales increased \$5 million in 1998.

Operating expenses were \$356 million in 1998, \$6 million or 2 per cent higher than the prior year. Rail freight expenses dropped 2 per cent compared to last year. However, after excluding non-recurring items, expenses are 4 per cent lower than last year and comparable to the 5-per-cent reduction in revenue ton-miles. Expenses for the telecommunications division showed a reduction as a result of its sale during 1998. The operating expenses of Casco and new buildings acquired by BCR Properties for rental income offset the expense reductions in the rail and telecommunications divisions.

Non-operating expenses declined \$2 million or 5 per cent over 1997. Despite a \$147-million increase in long-term debt, interest expenses were 2 per cent lower than in 1997 as a result of lower interest rates and increased capitalization. Income and capital taxes decreased 22 per cent due to a 1997 restructuring of the BCR Group. Sale proceeds from Westel Telecommunications Ltd., sold in July 1998, were virtually equal to the carrying cost of the investment and did not affect BCR Group's income for the year.

Capital Expenditure

Capital expenditures totalled \$104 million, down \$22 million from 1997. Expenditures included the purchase and upgrade of railcars to meet customer requirements, track and roadbed improvements, and upgrading and construction of new facilities at Vancouver Wharves.

Insurance Corporation of British Columbia

The Insurance Corporation of British Columbia (ICBC) was established in 1973 under the *Insurance Corporation Act* to administer Autoplan, a compulsory automobile insurance program. Under Autoplan, all licensed motor vehicle owners in the province are required to buy basic insurance, which includes accident benefits, third party legal liability protection and under-insured motorist protection. ICBC also offers motorists extended third party legal liability and other optional coverage in competition with private sector insurance carriers. Under the *Insurance Corporation Act* and *Motor Vehicle Act*, the corporation is also responsible for vehicle licensing, registration and issuance of driver licences, vehicle standards and inspections, commercial transport regulation, weigh scale operations and enforcement of vehicle weights and dimensions, motor carrier licensing support, road inspections, and enforcement and compliance audits.

ICBC operates under a non-profit, break-even mandate. In setting premiums, ICBC does not discriminate on the basis of age, sex or marital status. ICBC collects insurance premiums through more than 2.5 million vehicle policies and invests these premiums to provide insurance benefits for its customers and victims of crashes.

ICBC's merger with the Motor Vehicle Branch of the Ministry of Transportation and Highways has created a single organization focused on driver, vehicle and road safety. During the year, ICBC continued to support the drinking-driving CounterAttack, speed monitoring and corridor enforcement programs; operation of the administrative driving prohibition and vehicle impoundment programs; and shared-cost road improvement projects for intersections and roadways with municipalities and the provincial and federal governments. Other safety initiatives include increased roadside safety

inspections of commercial vehicles, implementation of the graduated licensing program and development support for the intersection safety camera program. Anti-theft and anti-fraud programs supported by ICBC included the auto crime program and development of special fraud teams for suspicious claims investigations.

Table 7.3 Insurance Corporation of British Columbia Operating Data

Fiscal year ended December 31,	1998	1997	Change 1997-1998
	(\$ thousands)	(\$ thousands)	(per cent)
Revenue			
Premium income	2,368,929	2,303,456	2.8
Investment income	412,236	386,950	6.5
Licences and fines collected on behalf of the province	435,558	410,249	6.2
	<u>3,216,723</u>	<u>3,100,655</u>	3.7
Less payment of provincial licences and fines to the province	394,590	361,364	9.2
	<u>2,822,133</u>	<u>2,739,291</u>	3.0
Claims and expenses			
Claims incurred	1,915,148	2,025,923	-5.5
Other expenses	786,520	699,383	12.5
	<u>2,701,668</u>	<u>2,725,306</u>	-0.9
Income before Road Safety Dividend	120,465	13,985	—
Road Safety Dividend	47,000	—	—
Net income	<u>73,465</u>	<u>13,985</u>	—
Vehicle policies	2,552,000	2,499,000	2.1
Average premium	893	877	1.8
Number of reported claims for policy year	992,000	1,002,000	-1.0
Unpaid claims	3,959,129	3,782,720	4.7
Average number of employees ¹	5,144	4,607	11.7
Investments at year end	5,623,297	5,290,821	6.3
Total assets	5,984,391	5,650,216	5.9
Rate stabilization reserve fund ²	285,278	211,813	34.7

¹ Commencing 1998, the average number of employees reflects the first full year of integration of licensing and compliance operations (Motor Vehicle Branch employees; 1998 - 791, 1997 - 464).

² The rate stabilization reserve fund has been restated in 1997 to reflect a change in accounting policy applied retroactively in 1998 for certain personal desktop computer costs.

Source: Insurance Corporation of British Columbia.

Operations

ICBC realized income of \$120 million before a road safety dividend of \$47 million. Net income of \$73 million in 1998 compares favourably to net income of \$14 million in the previous year due to higher premiums earned, lower claims costs and higher investment income.

Revenues were up for the year. ICBC realized \$3.2 billion in revenues, consisting of \$2.4 billion in vehicle and driver premiums (up 3 per cent from 1997); \$412 million, or \$162 per insurance policy, in investment income and \$436 million in licence fees and fines collected on behalf of the province.

Claims costs decreased \$111 million to \$1.9 billion in 1998 as a result of a 10,000 drop in the number of claims and a 1.3 per cent decrease in the average cost per claim. Increased efforts in road safety programs and favourable development in prior-years' injury claims as a result of some earlier initiatives to contain rising injury related costs combined to produce this positive impact. Funding for traffic and commercial vehicle safety was \$95 million, up \$35 million from last year reflecting the first full year of

responsibility for commercial vehicle compliance operations and increased spending on traffic safety initiatives.

Liquor Distribution Branch

The Liquor Distribution Branch (LDB) operates one of the largest retail and distribution networks in British Columbia. Established in 1921, the LDB manages the distribution of alcoholic beverages in British Columbia under the *Liquor Distribution Act*. LDB's corporate objectives are to provide a high level of customer service, meet provincial government revenue targets, provide supplies with controlled and fair access to the marketplace, foster a healthy business environment for the province's alcohol beverage industry, and encourage responsible and moderate use of alcohol.

There are 223 government liquor stores in British Columbia. LDB's head office is in East Vancouver, adjacent to its main distribution centre. A second distribution centre is in Kamloops. The LDB also oversees the operations of over 500 private retail outlets, including rural agency stores, industry agency stores, private wine stores, duty free stores and licensee retail stores, commonly called 'cold beer and wine stores'.

Table 7.4 Liquor Distribution Branch Summary Income Statement

Fiscal year ended March 31,	1999	1998	Change 1998-1999
	(\$ millions)	(\$ millions)	(per cent)
Sales	1,640.8	1,594.5	2.9
Less discounts and commissions	43.3	41.3	4.8
Net sales	1,597.5	1,553.2	2.9
Cost of merchandise sold	807.3	784.6	2.9
Gross margin	790.2	768.6	2.8
Operating expenses	178.2	165.8	7.5
	612.0	602.8	1.5
Other income	3.9	3.2	21.9
Net income	615.9	606.0	1.6

Source: Liquor Distribution Branch.

Operations

During 1998/99, the value of retail sales increased 2.9 per cent to \$1.6 billion (see Table 7.4). Sales volumes of 329 million litres were up 0.4 per cent from last year, mainly due to higher packaged beer and cider/cooler sales.

On October 1, 1998, the LDB introduced the Beverage Container Project, which facilitated the return of wine and spirit empty containers. In 1998/99, the LDB also updated computer systems, to ensure all systems are Year 2000 compliant.

Capital Expenditures

Capital expenditures for 1998/99 were \$5 million, up \$2.5 million from last year, mainly due to the beverage container project for empty wine and spirit bottle returns.

British Columbia Lottery Corporation

The British Columbia Lottery Corporation has responsibility for the conduct and management of provincial lottery schemes (such as Daily 3, Instant, BC/49, Extra, Club Keno, Sports Action, Breakopen, Starship Bingo, Superstar bingo and casino games including slot machines and table games), and cooperates with other provinces in the conduct and management of national lottery schemes (such as 6/49 and Super 7). The corporation has its headquarters in Kamloops and employs over 520 people throughout the province. Lottery tickets are available through a network of licensed retailers throughout British Columbia.

Table 7.5 British Columbia Lottery Corporation Summary Income Statement

Fiscal year ended March 31,	1999	1998	Change 1998-1999
	(\$ millions)	(\$ millions)	(per cent)
Sales	1,261.5	942.2	33.9
Direct expenses			
Prizes	508.2	483.0	5.2
Retailer commissions	175.5	72.1	143.4
Ticket printing and bingo paper	15.4	16.3	-5.5
Sales less direct expenses	562.4	370.8	51.7
Operating expenses			
Administrative expenses	75.5	62.1	21.6
Amortization	18.8	10.7	75.7
Interest and other income	(5.1)	(5.0)	2.0
Goods and services tax	17.2	12.7	35.4
	106.4	80.5	32.2
Net income	456.0	290.3	57.1
Distribution of net income			
Government of Canada	7.0	6.9	1.4
Province of British Columbia ^{1,2}	449.0	283.4	58.4
	456.0	290.3	57.1

¹ Due to year-end accounting adjustments, the net income allocation to the province differs from those reported in Appendix 2.

² Includes amounts dedicated to charities. Transfers to charities in 1998/99, either through the province or by direct payments into the charitable pool, totalled \$76.1 million.

Source: British Columbia Lottery Corporation.

Operations

The corporation's sales increased 33.9 per cent to \$1,261 million in 1998/99, mainly due to the addition of casino gaming and electronic bingo, and increased lottery sales. Retailer commissions increased to \$175 million mainly due to the addition of casino operations. Net income to the provincial government was \$449 million, an increase of 58.4 per cent. Details of operating results are shown in Table 7.5.

Skeena Cellulose Inc.

Skeena Cellulose Inc. is a large forestry company operating a pulp mill near Prince Rupert and processing mills in several northern British Columbia communities. Due to deteriorating market conditions in early 1997, Skeena Cellulose sought protection from creditors and was subsequently restructured with the Province of British Columbia (through 552513 British Columbia Ltd., a 100-per-cent owned Crown corporation), the Toronto Dominion Bank and pulp mill workers assuming full ownership. The company generates revenues through the sale of pulp, wood and wood products, and is expected to be self-sustaining over the medium to long term. This restructuring of Skeena Cellulose was designed to ensure the company's future viability as well as economic stability for the northwestern region of the province. At March 31, 1999, the provincial government had advanced a total of \$134 million in loans, guarantees and contributions towards the Skeena Cellulose restructuring.

Columbia Power Corporation

The primary mandate of the Columbia Power Corporation (CPC) is to undertake power project investments on a joint venture basis with the Columbia Basin Trust, pursuant to the terms of the Columbia Basin Accord. The role of CPC is to support the objectives of the province and the Columbia Basin Trust within the framework of a commercial enterprise.

CPC and the Columbia Basin Trust jointly own the Brilliant dam and generating station near Castlegar. Power from this dam is sold to West Kootenay Power Ltd. under the terms of a 60-year agreement. Construction of the Keenleyside power plant began in 1999 and is scheduled for completion in 2002. Other projects planned by CPC and the trust include upgrades and expansions at the Brilliant and Waneta dams, as well as at the Purcell wood waste-fired thermal power plant at Skookumchuck.

Economic Development Crown Corporations

BC Transportation
Financing Authority

The BC Transportation Financing Authority (BCTFA) was established in 1993 by the *Build BC Act* to coordinate, plan, finance and construct transportation infrastructure in British Columbia. BCTFA works with provincial government ministries and transportation Crown corporations and agencies to ensure that transportation investments meet the province's priority needs and support economic development, and develops a capital plan that reflects provincial priorities for investment in new highway infrastructure. BCTFA also works with local governments to develop integrated regional and corridor transportation and land-use strategies.

Table 7.6 BC Transportation Financing Authority Consolidated Statement of Earnings¹

Fiscal year ended March 31,	1999	1998	Change 1998-1999
	(\$ thousands)	(\$ thousands)	(per cent)
Revenue			
Dedicated revenue ²	123,709	117,543	5.2
Other ³	2,593	13,107	-80.2
	<u>126,302</u>	<u>130,650</u>	-3.3
Expenditures ⁴			
Operations and administration ⁵	24,088	23,220	3.7
Grant programs ⁶	11,461	5,107	124.4
Amortization	32,058	13,956	129.7
Interest ⁷	68,130	27,688	146.1
Write down of project costs ⁸	14,117	4,272	—
	<u>149,854</u>	<u>74,243</u>	101.8
(Loss) earnings from operations	(23,552)	56,407	—
Other items ⁹			
Transfer of highways	90,713	—	—
Flood repair program	—	4,804	—
Net (loss) earnings for the year	<u>(114,265)</u>	<u>51,603</u>	—

¹ Includes results of Highway Constructors Ltd. (HCL), a wholly-owned subsidiary.

² Dedicated revenue includes two cents per litre of provincial motor fuel tax and social services tax on car rentals.

³ Includes investment revenue recorded net of related expense.

⁴ During 1998/99, the authority undertook \$370 million of transportation infrastructure projects. These capital expenditures are accounted for in the authority's balance sheet. Completed infrastructure is amortized on a straight-line basis over its estimated useful life.

⁵ Includes \$16.7 million in 1999 (\$16.5 million in 1998) paid to the Ministry of Transportation and Highways for general operating expenses that were not specifically related to individual capital projects.

⁶ Includes grants provided under the Air Transport Assistance program, the Cycling Network program, the Alternative Transportation program, the Newly Incorporated Municipalities Road program, and the roads component of the enhanced Canada/British Columbia Infrastructure Works program.

⁷ Interest on borrowing used to finance construction work in progress is capitalized. Upon project completion, interest capitalization ceases and related borrowing costs are expensed.

⁸ Project costs are written down in the year it is determined no tangible asset will result.

⁹ In 1999, the province signed the Recommended Agreement on Transportation Governance and Funding for Greater Vancouver. Under this agreement, administration and control of highways that form part of the major road network of the Lower Mainland was transferred to the municipality in which they are located. The net book value of the BCTFA-financed highways transferred was \$90.7 million. In 1998, BCTFA provided flood repair funding under a provincial program to cover excessive costs of emergency repairs to highways and bridges affected by slides and washouts.

Source: BC Transportation Financing Authority.

BCTFA looks for ways to improve the transportation system through more efficient use of existing infrastructure and construction of new transportation systems. Projects undertaken are generally managed by the Ministry of Transportation and Highways on

BCTFA's behalf, or by local government or the private sector in partnership with BCTFA. The ministry recovers its capital costs from BCTFA.

BCTFA services the debt incurred for these projects through a two-cent-per-litre surcharge on motor fuel and a \$1.50-per-day surcharge on car rentals. During 1998/99, this revenue totalled \$124 million (see Table 7.6). BCTFA invested \$370 million in transportation infrastructure during the year.

Major activities of the BCTFA during 1998/99 included:

- development of multi-modal transportation plans for the Lower Mainland and the Okanagan Valley;
- commencement of rehabilitation of the Lions Gate Bridge;
- developing agreements with municipalities, the private sector and other partners, for investment in transportation infrastructure. Examples of such partnerships include:
 - the Nordel Way Completion Project (with Delta and Surrey);
 - the Airport Connector Project (with the federal government and the Vancouver International Airport Authority);
 - the 200th Street Interchange Project (with Langley); and
 - the Sierra Yoyo Desan Road Project (with the oil and gas industry).
- highway capital projects such as the Vancouver Island Highway project, the Trans Canada high occupancy vehicle lane project in the Lower Mainland and other congestion relief projects for the Lower Mainland;
- providing grants through the Air Transport Assistance program to fund local airport improvement projects; and
- providing grants through the cycling network program, cost shared with municipalities to fund cycling network projects.

British Columbia
Transit

The *Greater Vancouver Transportation Authority Act* created a new transportation authority to plan, manage and operate a regional transportation system that supports Greater Vancouver's growth strategy, air quality objectives and economic development. The act, collaboratively developed by the province and the Greater Vancouver Regional District, provided for the division of existing assets and debt (excluding SkyTrain guideways and bridges, and West Coast Express infrastructure), cost-sharing for new assets and ongoing funding powers for TransLink (formerly known as the Greater Vancouver Transportation Authority). Effective March 31, 1999, TransLink assumed responsibility for operations in the Lower Mainland previously provided by British Columbia Transit.

British Columbia Transit (BC Transit), established in 1978 to ensure a uniform provincial policy for urban transit, now operates in 48 communities throughout the province, including Kamloops, Kelowna, Prince George and Victoria.

BC Transit manages a provincial fleet of 641 vehicles and a number of physical assets such as transit exchanges, garages and "park and ride" facilities. In addition to conventional fixed route bus service, BC Transit also funds transportation for persons with disabilities who are unable to use conventional public transit vehicles. This custom transit service, known as handyDART, serves many communities throughout the province.

Transit systems are financed through direct operating revenues from fares and advertising, and a funding formula specifying operating costs to be shared by the provincial and municipal governments. In Greater Victoria, municipal government contributions may be raised through a combination of property and motor fuel taxes. In the rest of the province, municipal government contributions come from general municipal revenues.

Operations

During 1998/99, BC Transit's total ridership was 29.5 million passengers, an increase of 1.4 per cent from the previous year. The increase was lower than expected due to an eight-day full shutdown of service during a labour dispute in March 1999 in Victoria. Total expenditures increased 7.3 per cent to \$102 million. These expenditures were partly funded through provincial government contributions of \$43 million and municipal government contributions of \$27 million, with the remainder coming from operating and investment revenues (see Table 7.7).

Table 7.7 British Columbia Transit Statement of Operating Expenditures and Recoveries

Fiscal year ended March 31,	1999 ¹	1998 ¹	Change 1998-1999
	(\$ thousands)	(\$ thousands)	(per cent)
Expenditures			
Transit operations	78,530	371,089	-78.8
Administration	8,569	54,749	-84.3
Property leases and taxes	978	10,361	-90.6
Depreciation and amortization	5,600	64,700	-91.3
Debt servicing ²	8,236	166,971	-95.1
	<u>101,913</u>	<u>667,870³</u>	-84.7
Recoveries			
Contributions from the provincial government ..	43,130	287,408	-85.0
Contributions from municipalities	26,579	142,822	-81.4
Operating and investment revenue	32,204	233,113	-86.2
Other	—	3,527	-100.0
	<u>101,913</u>	<u>666,870³</u>	-84.7

¹ Figures reflect the transfer of British Columbia regional transit operations in the Greater Vancouver Regional District to TransLink (formerly known as the Greater Vancouver Transportation Authority) on March 31, 1999. Figures for 1998, which include the operations of the Greater Vancouver Regional District, have not been restated.

² Includes obligations under capital leases.

³ The difference is funded through a \$1 million dividend declared by BC Transit's subsidiary, BC Transit Captive Insurance Company.

Source: British Columbia Transit.

Ten-Year Plan

BC Transit's 10-year transit development plan is based on three goals — to increase the number and proportion of people using public transit; to shape city growth and help reduce urban sprawl; and to ensure that people are well-served by transit, especially those without cars or have transportation difficulties. The plan provides for transit route expansions and improvements, and for the development of a more effective transit system in Greater Victoria and other regions of the province.

British Columbia Ferry Corporation

The British Columbia Ferry Corporation (BC Ferries) commenced operations on January 1, 1977. The ferry system that is now operated by BC Ferries was started in 1960, when the provincial government initiated regularly scheduled ferry service between the Lower Mainland and Vancouver Island with two vessels and 225 employees. Today, the fleet consists of 40 vessels, including one car-carrying fast ferry with two more under construction. The system, which is operated as a single

corporate entity, includes 43 marine terminals plus seven other sites, and encompasses 26 routes. High operational and maintenance standards make the corporation one of the world's finest ferry systems. During 1998/99, BC Ferries carried 21.4 million passengers and 7.8 million vehicles. The system generated \$384 million in revenue and has \$848 million in capital assets.

BC Ferries is an integral part of British Columbia's coastal transportation system, linking many isolated coastal communities to either Vancouver Island or to the mainland. Service is also provided from Prince Rupert, on British Columbia's north coast, to the Queen Charlotte Islands (Haida Gwaii) and to Port Hardy on the northern tip of Vancouver Island. In addition, the Discovery Coast Passage offers summer service between Port Hardy and Bella Coola on the central coast, with numerous ports of call in between.

BC Ferries workforce consists of unionized employees, who are members of the British Columbia Ferry and Marine Workers' Union and management employees. Permanent staff totals about 2,800 workers and is augmented by about 1,800 casual workers.

Catamaran Ferries International Inc. (CFI), a wholly-owned subsidiary of the corporation, began operations on April 1, 1996, for the purposes of constructing fast ferries for the corporation and developing the related technology for application in domestic and international markets. A summary of the consolidated financial results of both entities is shown in Table 7.8 (see next page).

Operations

The corporation experienced a net loss of \$114 million in 1998/99, compared to a net loss of \$59 million in 1997/98. Results in 1998/99 include a \$48-million write-down of vessels under construction and a \$66-million loss from operations.

Toll revenues increased 2.2 per cent to \$297 million as a result of rate increases introduced in November 1997, offset by a decline in passenger volumes of 1.9 per cent and a decline in vehicle traffic of 2.1 per cent over last year. Catering and other income showed a decrease of 1.6 per cent over last year.

The increase in operating expenses was mainly due to higher salaries, wages and benefits, resulting mainly from changes in the collective agreement. Other factors include increases in worker compensation claim costs, increases in overtime because of extreme weather conditions and additional staffing associated with the implementation of the Mid-Island Transportation Strategy. Fuel costs were down \$6 million from last year as a result of declining fuel prices. Other operating expenses increased by \$10 million over last year, mainly due to a \$4-million increase in repairs and maintenance and a \$3-million increase in materials and supplies resulting from an ageing fleet.

Net financing costs increased \$9 million or 25 per cent because of increased debt levels. Amortization costs increased primarily due to the accelerated amortization of CFI's fast ferry facility, jigs, equipment and tools.

The \$48-million provision for write-down of vessels under construction relates to the write-off of the difference between the total average cost of the three fast ferries and the total estimated future net cash flows, expected to be derived from the operations of these three ferries.

The provincial grant increased to \$24 million in 1998/99 from \$5 million in 1997/98.

Table 7.8 British Columbia Ferry Corporation Summary Income Statement and Operating Data

Fiscal year ended March 31,	1999	1998 ¹	Change 1998-1999
	(\$ millions)	(\$ millions)	(per cent)
Operating revenue	384.1	378.7	1.4
Operating expense	380.9	362.8	5.0
Net financing expense	42.4	33.8	25.4
Amortization	42.3	41.1	2.9
Provision for write-down of vessels under construction	48.0	—	—
Catamaran Ferries International Inc. loss and investment in training and infrastructure	8.8	4.7	87.2
Net loss before provincial grant	(138.3)	(63.7)	117.1
Provincial grant	24.0	4.7	—
Net loss	(114.3)	(59.0)	93.7
Provincial/federal contributions	46.0	26.6	72.9
Capital expenditure	166.6	128.2	30.0
Traffic			
Vehicles(thousands)	7,815	7,985	-2.1
Passengers(thousands)	21,379	21,799	-1.9
Capacity utilization			
Vehicles(annual average)	52%	53%	—
Passengers(annual average)	30%	30%	—

¹ Certain figures for 1998 have been restated to conform with the presentation used in 1999.
Source: British Columbia Ferry Corporation.

Ten-Year Capital Plan

BC Ferries' 10-year capital plan, developed in 1994, provides a framework for the orderly replacement of ageing ships and terminal structures, while addressing changes in customer traffic volumes and patterns, and meeting customer service expectations for quality and safety.

The original plan laid out a series of projects that has been constrained by several factors, including government financial management objectives, BC Ferries' debt obligations and the public consultation process. The following was achieved during the past year:

- the first "PacifiCat" fast ferry entered service in June 1999. The second fast ferry is expected to enter into service in November 1999 and the third sometime in 2000;
- improvements at the Horseshoe Bay and Nanaimo terminals, which improved passenger and traffic safety and flow;
- replacement of the 38-year-old main power cables to assure dependability of service at Tsawwassen terminal;
- numerous upgrades to smaller terminals, including new lower-cost technologies to replace the deteriorated loading ramp and wingwall structures at Fulford Harbour; and
- replacement of the engines and installment of a sewage treatment plant on the *Bowen Queen* as part of an overall program to upgrade vessels of the same class and vintage, and to reduce impacts on the marine environment.

Forest Renewal BC In 1994, Forest Renewal BC (FRBC) was established as a Crown corporation responsible for planning and implementing a program of investments to renew British Columbia's forest economy. Its mandate includes enhancing the productive capacity and environmental value of forests, creating jobs and providing training for forest workers, strengthening local communities that depend on the forest industry and expanding the value-added manufacturing sector.

An 18-member board of directors, representing forest companies, forest workers, environmental groups, First Nations, communities and government, governs FRBC. Regional offices have been established in Campbell River, Cranbrook, Kamloops, Prince George, Smithers and Williams Lake.

FRBC takes some of the stumpage revenues paid by forest companies to harvest timber on Crown land, and invests it back into the land, forests, forest workers and communities that rely on the forests for their economic well being. In 1998/99, FRBC stumpage revenue totalled \$177 million, down \$306 million from last year due to lower commodity prices and the stumpage rate reduction introduced on June 1, 1998.

Table 7.9 Forest Renewal BC Statement of Operations and Equity

Fiscal year ended March 31,	1999	1998	Change 1998-1999
	(\$ thousands)	(\$ thousands)	(per cent)
Revenues			
Statutory forest revenue	177,439	482,758	-63.2
Investment income	45,270	51,198	-11.6
	<u>222,709</u>	<u>533,956</u>	-58.3
Expenditures			
Project expenditures	463,186	596,334	-22.3
Administration	24,131	25,302	-4.6
	<u>487,317</u>	<u>621,636</u>	-21.6
Net revenue	<u>(264,608)</u>	<u>(87,680)</u>	—
Equity, beginning of year	<u>763,432</u>	<u>851,112</u>	-10.3
Equity, end of year	<u>498,824</u>	<u>763,432</u>	-34.7

Source: Forest Renewal BC.

FRBC makes investments to achieve six strategic objectives: maintain a sustainable harvest; enhance environmental values; strengthen sustainable forest management; strengthen and expand the value-added sector; support forest workers through transition; and support forest communities facing major job loss. In achieving these objectives, the corporation invests in ways that take into account regional equity, stakeholder involvement, employment creation and increased First Nations participation in the forest sector.

In 1998/99, FRBC spent \$463 million on programs and projects throughout the province. The corporation has established a program continuity fund, which is designed to ensure that funds are available for program commitments during years when revenue falls below existing or planned expenditure levels. As of March 31, 1999, the fund balance stood at \$400 million.

Fisheries Renewal BC	<p>Fisheries Renewal BC (FsRBC) was created in July 1997, with the passage of the <i>Fisheries Renewal Act</i>, to renew the province's fisheries; promote the protection, conservation and enhancement of fish stocks; restore fish habitat; and strengthen fishing communities for future generations. Funding for FsRBC in 1998/99 was provided by Forest Renewal BC of \$7.5 million and BC Hydro of \$5 million. Since July 1997, over 200 habitat protection projects have been completed. In the remaining program areas, 90 projects have been funded with a total expenditure of \$3.4 million.</p>
Okanagan Valley Tree Fruit Authority	<p>In 1990, the Okanagan Valley Tree Fruit Authority was established as a Crown corporation under the <i>Okanagan Valley Tree Fruit Authority Act</i> to provide leadership and financial assistance for the revitalization of the tree fruit industry in the Interior.</p> <p>During 1998/99, provincial government contributions totalled \$2 million. The authority spent \$2.5 million during the year on the orchard renovation program. These expenditures included grants to farmers to support the replanting of orchards to high-density, higher-value varieties of tree fruits, and support for the Sterile Insect Release (SIR) program. SIR is designed to eradicate the coddling moth, resulting in significant reductions in pesticides and enabling orchardists to better position their fruit in the marketplace.</p> <p>During 1998/99, 610 acres of orchards were replanted. While farm gate revenues from the sale of tree fruits currently amount to about \$50 million per year, this is forecast to rise to \$85 million per year when all the replanted land is in full production.</p>
B.C. Pavilion Corporation	<p>The B.C. Pavilion Corporation operates the Vancouver Convention and Exhibition Centre, BC Place Stadium, Robson Square Conference Centre, Tradex and Bridge Studios. The corporation's mandate is to generate economic benefit for the province through its activities, mainly through convention activity and movie production.</p> <p>In 1998/99, the corporation's revenues were \$26.2 million. The provincial government provided a subsidy of \$2.2 million to cover operating shortfalls and capital requirements for the year.</p>
Tourism British Columbia	<p>Tourism British Columbia was established in June 1997, and is responsible for promoting the development and growth of the tourism industry, and for increasing tourism revenue and employment throughout the province. The corporation receives funding from a 1.65-per-cent share of revenue raised from the 8-per-cent provincial hotel room tax. Tourism British Columbia's share of the hotel room tax revenue during 1998/99 was \$20.1 million. A 15-member board, comprised of representatives from the tourism industry and government, provides direction for the corporation's activities.</p>
Pacific National Exhibition	<p>The Pacific National Exhibition (PNE) is responsible for planning exhibits and events related to the development of agriculture, other industries and community development interests. The PNE also operates the Playland Amusement Park and manages an annual fair. The PNE provides employment to about 2,600 youth, making it the largest employer of youth in the province.</p> <p>During 1998, revenue from operations amounted to \$30 million while expenditures totalled \$29.9 million. The slight operating profit compares to a \$2.3 million loss in 1997.</p>

**Social and
Government
Services
Crown
Corporations
and Agencies**

British Columbia
Building
Corporation

The British Columbia Building Corporation (BCBC) was established in 1977 to provide accommodation and real estate services to the provincial government. In 1997, BCBC's mandate was expanded to provide services to the broader public sector. BCBC has a province-wide network of employees in eight districts that include over 60 service centres and satellite offices. BCBC manages over 3,600 buildings comprising almost 2.5 million square metres (26 million square feet) of space in almost 300 communities across the province.

The primary goal of the corporation is to develop and manage the government's real estate portfolio by providing cost-effective solutions to ministries and other publicly-funded organizations. BCBC raises operating funds by charging government ministries rent, based on equivalent rates in the commercial market. In 1998/99, 78 per cent of the corporation's revenue was received from government ministries.

Table 7.10 British Columbia Buildings Corporation Summary Income Statement

Fiscal year ended March 31,	1999	1998	Change 1998-1999
	(\$ millions)	(\$ millions)	(per cent)
Revenue			
Rentals	413.2	403.7	2.4
Other income	32.0	24.8	29.0
Gains on sale of properties	10.0	11.8	-15.3
	<u>455.2</u>	<u>440.3</u>	3.4
Expenses			
Lease costs	132.1	138.6	-4.7
Operation and maintenance	95.2	86.8	9.7
Amortization	49.7	47.9	3.8
Client requested projects	27.6	24.0	15.0
Property taxes and grants	17.1	16.7	2.4
Energy	17.4	16.7	4.2
General and administration	9.5	9.6	-1.0
	<u>348.6</u>	<u>340.3</u>	2.4
Net income before interest	106.6	100.0	6.6
Interest expense	(58.5)	(60.7)	-3.6
Net income	<u>48.1</u>	<u>39.3</u>	22.4

Source: British Columbia Buildings Corporation.

During 1998/99, BCBC continued implementing its strategic plan, which focuses on cost minimization and aggressive targets for reducing accommodation costs to government. The plan's three-year goal of cost savings for government was \$30 million. By the end of 1998/99, this goal was surpassed by \$10 million, with a cumulative cost saving of \$40 million to government over the 1995/96 base year. During 1998/99, reduced operating expenses, due mainly to continued aggressive management of vacant space, resulted in an increase in net income before interest expenses of \$7 million, up 6.6 per cent over 1997/98. After interest costs, net income was \$48.1 million, an increase of \$9 million or 22.4 per cent over the prior year. BCBC issued a dividend of \$2 million to the provincial government in 1998/99.

British Columbia
Asset and Land
Corporation

WLC Developments Ltd. was established in 1982 to market Crown land at Whistler. In 1997, the provincial government expanded the role of the company to sell Crown land throughout the province. In June 1998, the company was renamed the British Columbia Assets and Land Corporation (BCAL) and assigned the additional

responsibility of selling other government assets, and providing marketing and land management services to the provincial government.

In October 1998, BCAL became responsible for the management of the Crown land tenure portfolio, new applications for use of Crown land and associated land management responsibilities. These tenures range from recreational properties to commercial ski resorts, and total over 30,000.

British Columbia
Assessment
Authority

The British Columbia Assessment Authority (BC Assessment) is an independent, publicly-funded corporation responsible for establishing and maintaining real property assessments that are uniform throughout British Columbia according to the *Assessment Act*. For the year ended December 31, 1998, about \$63 million was received in revenue, primarily through levies on all taxable properties in the province, except on the property of BC Hydro. Levies are collected on behalf of BC Assessment by municipalities and the Ministry of Finance and Corporate Relations through annual property tax notices. Chapter 5 provides more information on BC Assessment.

Provincial Rental
Housing
Corporation

The Provincial Rental Housing Corporation was incorporated under the *Company Act* in 1961, and holds property for social and other low-cost housing on behalf of the government. The subsidized rental housing units of the corporation are managed and operated by the British Columbia Housing Management Commission, which records the related rental revenue and is responsible for all of the operating and administrative activities and related costs. At March 31, 1999, the corporation had a net investment of \$331 million in these social and other low-cost rental properties.

British Columbia
Housing
Management
Commission

Established in 1967, the British Columbia Housing Management Commission (BC Housing) is responsible for developing new social housing under the province's Homes BC program and for administering a variety of other federal/provincial housing programs. BC Housing manages the public housing stock and administers agreements relating to units managed by non-profit societies and co-op housing providers. BC Housing ensures that provincial housing policy is reflected in its programs and that services are provided in a cost-effective manner.

During 1998/99, BC Housing was responsible for managing 7,950 subsidized rental units on which rents are calculated at 30 per cent of tenants' incomes. In addition, 25,659 units were managed as non-profit subsidized rentals (including units fully funded by HOMES BC), 2,931 units had rents supplemented and about 12,500 units were subsidized under the Shelter Aid for Elderly Renters program.

In 1998/99, contributions to BC Housing from the provincial government amounted to \$97 million, while the Canada Mortgage and Housing Corporation contributed \$73 million.

Provincial Capital
Commission

The Provincial Capital Commission helps protect and enhance the amenity values of the Capital Improvement District, which includes the City of Victoria, the municipalities of Esquimalt and Oak Bay, the Saanich Peninsula and the Western Communities. The commission also operates the Crystal Garden in downtown Victoria. Since 1956, the commission has undertaken over 150 community enhancement projects.

Financing
Authorities

At the beginning of 1998/99, in order to address concerns raised by the Auditor General in his review of the government's financial statements, the government assumed direct responsibility for the debt of the British Columbia School Districts

Capital Financing Authority and the British Columbia Educational Institutions Capital Financing Authority. Effective March 31, 1999, the government also assumed direct responsibility for the debt of the British Columbia Regional Hospital Districts Financing Authority. Most of the debt from these agencies is included as part of the government's direct capital debt, and pre-paid capital advances are now used to amortize the cost of capital assets over their useful life.



Appendices

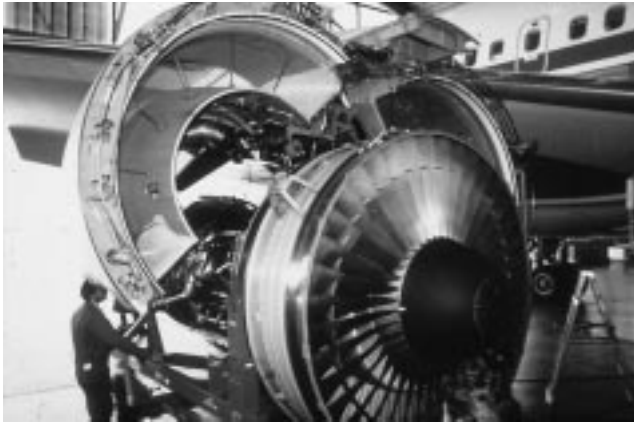


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Appendix 1: Economic Review

Table A1.1 Components of British Columbia Population Change

Year	Net Migration			Net N.P.R. ¹	Returning Canadians ²	Natural Increase			Total Population Increase ³	Population — End of Period (December 31) ³
	Interprovincial	International	Total			Births	Deaths	Total		
1975.....	(2,864)	19,745	16,881	796	4,801	36,281	19,151	17,130	39,608	2,520,424
1976.....	(1,490)	11,820	10,330	(320)	4,788	35,848	18,788	17,060	31,858	2,552,282
1977.....	15,507	7,134	22,641	(217)	4,307	36,691	18,596	18,095	44,826	2,595,870
1978.....	20,698	3,756	24,454	(317)	4,260	37,231	19,058	18,173	46,570	2,641,202
1979.....	33,241	9,151	42,392	791	4,070	38,432	19,204	19,228	66,481	2,706,445
1980.....	40,165	18,193	58,358	1,491	3,763	40,104	19,371	20,733	84,345	2,789,552
1981.....	21,565	15,516	37,081	3,268	3,352	41,474	19,857	21,617	65,318	2,854,237
1982.....	(2,019)	10,939	8,920	(649)	3,860	42,747	20,707	22,040	34,171	2,888,208
1983.....	4,029	6,376	10,405	545	3,682	42,919	19,827	23,092	37,724	2,925,731
1984.....	3,505	4,491	7,996	363	3,779	43,911	20,686	23,225	35,363	2,960,894
1985.....	(3,199)	3,649	450	1,775	3,933	43,127	21,302	21,825	27,983	2,988,677
1986.....	910	4,337	5,247	4,497	3,987	41,967	21,213	20,754	34,485	3,023,311
1987.....	17,618	12,023	29,641	5,848	3,729	41,814	21,814	20,000	59,218	3,082,928
1988.....	25,865	17,536	43,401	8,475	3,244	42,930	22,546	20,384	75,504	3,158,832
1989.....	37,367	19,324	56,691	8,986	3,216	43,769	22,997	20,772	89,665	3,248,896
1990.....	38,704	22,539	61,243	2,792	3,089	45,617	23,577	22,040	89,164	3,338,460
1991.....	34,572	25,130	59,702	(3,614)	3,304	45,612	23,977	21,635	81,027	3,424,109
1992.....	39,578	29,994	69,572	(719)	3,387	46,156	24,615	21,541	93,781	3,525,529
1993.....	37,595	38,883	76,478	(4,417)	3,374	46,026	25,764	20,262	95,697	3,628,866
1994.....	34,449	41,978	76,427	163	3,416	46,998	25,939	21,059	101,065	3,737,570
1995.....	23,414	36,999	60,413	5,116	3,476	46,820	26,375	20,445	89,450	3,834,659
1996.....	17,798	44,704	62,502	2,713	3,506	46,138	27,536	18,602	87,323	3,925,165
1997.....	5,554	40,202	45,756	1,870	3,526	44,580	27,405	17,175	68,327	3,993,492
1998.....	(18,759)	28,168	9,409	(684)	3,628	44,570	29,055	15,515	27,868	4,021,360

¹ Net N.P.R. is the net change in non-permanent residents, which includes persons residing temporarily in Canada who hold a student, work or minister's permit, or who are refugee claimants.

² Returning Canadians are Canadians who emigrated from Canada in the past, and who are returning with the intention of once again becoming permanent residents.

³ Components may not add to totals due to the revision of population statistics based on information collected during subsequent census years. The revisions are not distributed back to relevant components due to insufficient data.

Source: Statistics Canada.

Table A1.2 Summary of Economic Activity for British Columbia

	Units	1985	1986	1987	1988
Annual aggregate indicators					
Population ¹	(thousands)	2,990.0	3,004.1	3,050.1	3,115.7
Nominal gross domestic product ² (at market prices)	(\$ millions)	—	—	—	—
Personal income ²	(\$ millions)	—	—	—	—
Capital investment.....	(\$ millions)	10,189	9,576	10,781	12,710
Business incorporations.....	(number)	15,578	17,064	18,691	18,703
Labour statistics					
Labour force.....	(thousands)	1,512	1,548	1,579	1,611
Employment.....	(thousands)	1,297	1,354	1,390	1,444
Unemployment rate.....	(per cent)	14.2	12.5	12.0	10.3
Prices and earnings					
Consumer price index (British Columbia).....	(1992=100)	76.4	78.6	81.0	83.9
Consumer price index (Vancouver).....	(1992=100)	76.0	78.5	80.9	83.8
B.C. export commodity price index (Cdn. \$).....	(1992=100)	94.7	97.0	100.7	109.4
Average weekly earnings.....	(\$)	438.59	440.43	454.22	464.44
Wages and salaries.....	(\$ millions)	26,226	27,469	29,911	32,800
Financial indicators					
Prime rate.....	(per cent)	10.58	10.52	9.52	10.83
Canada/U.S. exchange rate.....	(U.S. cents)	73.25	71.97	75.41	81.24
Conventional (5-year) mortgage rate.....	(per cent)	12.18	11.22	11.14	11.60
Other indicators					
Manufacturing shipments.....	(\$ millions)	19,858	20,240	23,374	25,516
Retail sales ³	(\$ millions)	16,016	17,416	19,160	20,802
Housing starts.....	(number)	17,969	20,687	28,944	30,487
Non-residential building permits.....	(\$ millions)	812	912	999	1,647
Tourism GDP.....	(\$ millions)	2,339	2,632	2,675	2,873
High-technology GDP ⁴	(\$ millions)	—	—	—	1,218
B.C. product exports.....	(\$ millions)	12,779	13,179	16,236	17,830
Commodity data					
Lumber production.....	(thousand m ³)	32,994	31,468	37,336	36,736
Log production (timber scale billed).....	(thousand m ³)	76,869	77,503	90,592	76,807
Market pulp shipments.....	(000 tonnes)	3,298	3,628	4,136	4,141
Newsprint, other paper and paperboard production.....	(000 tonnes)	2,500	2,602	2,753	2,878
Petroleum and natural gas production.....	(\$ millions)	1,050	778	731	736
Coal production.....	(000 tonnes)	22,613	20,837	22,587	24,813
Solid mineral production.....	(\$ millions)	2,378	2,440	2,768	3,224
Electric power generated.....	(GW.h)	59,126	50,759	63,066	60,943
Farm cash receipts.....	(\$ millions)	1,061	1,106	1,121	1,206
Landed value of fish products.....	(\$ millions)	379	405	455	573

¹ As at July 1. Data take into account adjustments made for net census undercount and non-permanent residents.

² In May 1998, as part of its periodic re-basing of the national economic accounts, Statistics Canada revised provincial GDP and personal income back to 1992. Revised estimates prior to 1992 are not yet available. 1998 data is a Ministry of Finance and Corporate Relations estimate.

³ Retail sales data prior to 1991 include the old federal manufacturer's sales tax (FST); data for 1991 onwards does not include the goods and services tax (GST).

⁴ Data prior to 1988 are not available.

⁵ Figures not yet available.

All amounts shown are subject to revision.

Source: BC STATS, Ministry of Finance and Corporate Relations, based on federal, provincial and industry data.

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	Change 1997-1998
										(per cent)
3,198.5	3,291.4	3,373.4	3,470.3	3,571.5	3,681.8	3,784.0	3,882.0	3,961.6	4,009.0	1.2
—	—	—	87,149	93,490	100,672	104,786	105,843	109,347	108,300	-1.0
—	—	—	78,294	81,827	85,235	90,118	92,288	94,578	95,620	1.1
15,925	17,202	17,216	17,368	18,006	20,403	19,227	19,310	20,736	19,015	-8.3
21,817	19,550	18,528	20,406	22,955	25,774	23,846	22,848	22,958	20,759	-9.6
1,676	1,704	1,762	1,809	1,845	1,913	1,935	1,982	2,012	2,043	1.5
1,524	1,561	1,585	1,619	1,666	1,733	1,762	1,806	1,838	1,860	1.2
9.1	8.4	10.0	10.5	9.7	9.4	9.0	8.9	8.7	8.9	2.3
87.7	92.4	97.4	100.0	103.5	105.5	107.9	108.9	109.7	110.0	0.3
87.5	92.3	97.1	100.0	103.6	105.7	108.4	109.2	109.8	110.4	0.5
111.3	106.7	93.6	100.0	115.5	131.4	141.0	138.2	140.8	129.9	-7.7
494.93	512.04	531.80	545.89	558.18	577.92	594.69	607.54	614.17	618.62	0.7
36,697	40,018	41,385	43,415	45,352	47,322	49,392	51,086	52,932	53,820	1.7
13.33	14.06	9.94	7.48	5.94	6.88	8.65	6.06	4.96	6.60	33.1
84.45	85.71	87.28	82.73	77.51	73.22	72.86	73.34	72.22	67.41	-6.7
12.05	13.24	11.16	9.52	8.70	9.34	9.22	7.94	7.07	6.90	-2.4
26,596	25,329	23,259	24,839	27,143	31,048	35,040	33,933	34,671	33,717	-2.8
22,791	24,200	23,613	24,512	26,553	29,443	31,496	32,071	33,736	33,045	-2.0
38,894	36,720	31,875	40,621	42,807	39,408	27,057	27,641	29,351	19,931	-32.1
1,808	1,832	1,803	2,082	1,944	1,772	1,971	1,957	1,959	2,022	3.2
3,162	3,362	3,422	3,552	3,769	4,047	4,323	4,520	4,684	n.a. ⁵	—
1,439	1,610	1,633	1,732	1,929	2,145	2,612	2,773	3,073	n.a. ⁵	—
18,334	16,648	15,215	16,353	19,016	22,834	26,911	25,742	26,771	26,062	-2.6
35,952	33,515	31,406	33,396	33,935	33,671	32,611	32,671	31,562	30,237	-4.2
87,414	78,316	73,676	74,004	79,239	75,650	76,471	75,213	68,628	64,967	-5.3
4,189	3,547	4,014	3,815	4,040	4,763	4,565	4,382	4,533	4,450	-1.8
2,846	2,994	2,721	2,692	3,067	2,947	2,836	2,816	2,570	2,746	6.8
783	897	834	885	1,084	1,203	1,037	1,304	1,536	1,439	-6.3
25,134	24,366	24,848	18,094	20,629	22,580	24,350	26,179	27,812	25,305	-9.0
3,180	2,971	2,755	2,537	2,347	2,677	3,437	3,087	3,130	3,006	-4.0
57,655	60,662	62,981	64,058	58,774	61,015	58,006	71,747	66,693	66,753	0.1
1,255	1,299	1,340	1,427	1,452	1,543	1,599	1,713	1,759	1,828	3.9
513	559	492	533	605	735	587	589	585	526	-10.1

Table A1.3 British Columbia Nominal Gross Domestic Product by Industry (at factor cost)¹

Year	Agriculture	Fishing and Trapping	Forestry and Logging	Mining	Manufacturing	Construction	Utilities	Transportation Communication and Storage	Wholesale and Retail Trade	Finance Insurance and Real Estate	Community Business and Personal Services	Public Administration and Defence	Total
(\$ millions)													
1987	664	284	1,910	2,017	8,745	3,536	1,767	5,961	6,543	9,241	12,046	3,243	55,956
1988	724	348	2,074	2,358	9,703	4,054	1,784	6,184	7,182	10,015	13,535	3,464	61,427
1989	703	321	2,086	2,128	9,758	5,062	1,850	6,401	8,015	11,070	15,163	3,749	66,305
1990	751	326	1,833	2,169	8,794	5,385	1,963	6,305	8,464	11,928	16,956	4,172	69,047
1991	776	301	1,676	1,919	8,233	5,428	2,174	6,610	8,553	13,360	18,296	4,443	71,768
1992	793	311	1,970	1,716	8,058	5,877	2,267	6,718	8,785	14,289	19,735	4,812	75,332
1993	842	353	2,734	1,881	9,235	5,922	2,164	7,090	9,329	15,461	21,182	4,973	81,166
1994	—	—	—	—	—	—	—	—	—	—	—	—	87,387
1995	—	—	—	—	—	—	—	—	—	—	—	—	91,287
1996	—	—	—	—	—	—	—	—	—	—	—	—	92,074
1997	—	—	—	—	—	—	—	—	—	—	—	—	95,152

Growth Rate

Year	Agriculture	Fishing and Trapping	Forestry and Logging	Mining	Manufacturing	Construction	Utilities	Transportation Communication and Storage	Wholesale and Retail Trade	Finance Insurance and Real Estate	Community Business and Personal Services	Public Administration and Defence	Total
(per cent)													
1987	6.6	10.9	37.2	13.1	20.6	11.7	11.8	5.0	11.8	7.0	4.9	1.3	9.9
1988	9.0	22.5	8.6	16.9	11.0	14.6	1.0	3.7	9.8	8.4	12.4	6.8	9.8
1989	-2.9	-7.8	0.6	-9.8	0.6	24.9	3.7	3.5	11.6	10.5	12.0	8.2	7.9
1990	6.8	1.6	-12.1	1.9	-9.9	6.4	6.1	-1.5	5.6	7.8	11.8	11.3	4.1
1991	3.3	-7.7	-8.6	-11.5	-6.4	0.8	10.7	4.8	1.1	12.0	7.9	6.5	3.9
1992	2.2	3.3	17.5	-10.6	-2.1	8.3	4.3	1.6	2.7	7.0	7.9	8.3	5.0
1993	6.2	13.5	38.8	9.6	14.6	0.8	-4.5	5.5	6.2	8.2	7.3	3.3	7.7
1994	—	—	—	—	—	—	—	—	—	—	—	—	7.7
1995	—	—	—	—	—	—	—	—	—	—	—	—	4.5
1996	—	—	—	—	—	—	—	—	—	—	—	—	0.9
1997	—	—	—	—	—	—	—	—	—	—	—	—	3.3

Share

Year	Agriculture	Fishing and Trapping	Forestry and Logging	Mining	Manufacturing	Construction	Utilities	Transportation Communication and Storage	Wholesale and Retail Trade	Finance Insurance and Real Estate	Community Business and Personal Services	Public Administration and Defence	Total
(per cent)													
1987	1.2	0.5	3.4	3.6	15.6	6.3	3.2	10.7	11.7	16.5	21.5	5.8	100
1988	1.2	0.6	3.4	3.8	15.8	6.6	2.9	10.1	11.7	16.3	22.0	5.6	100
1989	1.1	0.5	3.1	3.2	14.7	7.6	2.8	9.7	12.1	16.7	22.9	5.7	100
1990	1.1	0.5	2.7	3.1	12.7	7.8	2.8	9.1	12.3	17.3	24.6	6.0	100
1991	1.1	0.4	2.3	2.7	11.5	7.6	3.0	9.2	11.9	18.6	25.5	6.2	100
1992	1.1	0.4	2.6	2.3	10.7	7.8	3.0	8.9	11.7	19.0	26.2	6.4	100
1993	1.0	0.4	3.4	2.3	11.4	7.3	2.7	8.7	11.5	19.0	26.1	6.1	100
1994	—	—	—	—	—	—	—	—	—	—	—	—	—
1995	—	—	—	—	—	—	—	—	—	—	—	—	—
1996	—	—	—	—	—	—	—	—	—	—	—	—	—
1997	—	—	—	—	—	—	—	—	—	—	—	—	—

¹ At the time of writing, Statistics Canada has not yet released estimates of gross domestic product (GDP) by industry for 1998.

Note: GDP at factor cost equals GDP at market prices less indirect taxes, net of subsidies. Data for 1994 onwards are not yet available as Statistics Canada only publishes current dollar (nominal) GDP estimates up to 1993. BC STATS estimates for 1994 onwards have not yet been finalized at the detailed industry level. Totals may not add due to rounding.

Sources: Statistics Canada; BC STATS, Ministry of Finance and Corporate Relations.
Produced by: BC STATS, Ministry of Finance and Corporate Relations.

Table A1.4 British Columbia Real Gross Domestic Product by Industry (at factor cost)¹

Year	Agriculture	Fishing and Trapping	Forestry and Logging	Mining	Manufacturing	Construction	Utilities	Transportation Communication and Storage	Wholesale and Retail Trade	Finance Insurance and Real Estate	Community Business and Personal Services	Public Administration and Defence	Total
(1992 \$ millions)													
1987	681	220	2,568	1,751	8,492	4,589	2,162	6,120	7,176	10,739	16,264	4,193	65,349
1988	778	257	2,504	1,938	8,852	4,799	2,125	6,513	7,524	11,107	17,373	4,238	68,480
1989	749	339	2,398	1,797	8,963	5,591	2,123	6,574	8,139	11,718	18,039	4,265	71,027
1990	762	390	2,127	1,810	8,347	5,785	2,255	6,592	8,173	12,460	18,957	4,439	72,236
1991	772	342	1,875	1,927	7,894	5,832	2,320	6,499	8,170	13,563	19,247	4,648	73,154
1992	793	311	1,970	1,716	8,058	5,877	2,267	6,718	8,785	14,289	19,735	4,812	75,332
1993	829	413	2,334	1,824	8,335	5,783	2,092	6,961	9,264	15,242	20,830	4,872	78,776
1994	823	326	2,231	1,975	8,409	6,214	2,144	7,445	10,099	16,089	21,490	4,801	82,045
1995	879	244	2,211	2,225	8,558	5,917	2,122	7,716	10,070	16,399	22,272	4,687	83,299
1996	870	260	2,208	2,260	8,463	5,866	2,229	7,748	10,133	16,915	22,631	4,532	84,115
1997	851	264	2,029	2,380	8,560	5,942	1,982	8,048	10,668	17,476	23,384	4,443	86,027

Growth Rate

Year	Agriculture	Fishing and Trapping	Forestry and Logging	Mining	Manufacturing	Construction	Utilities	Transportation Communication and Storage	Wholesale and Retail Trade	Finance Insurance and Real Estate	Community Business and Personal Services	Public Administration and Defence	Total
(per cent)													
1987	3.2	-20.9	30.4	9.2	11.2	4.8	11.4	3.9	6.9	1.6	2.4	—	5.4
1988	14.2	16.8	-2.5	10.7	4.2	4.6	-1.7	6.4	4.8	3.4	6.8	1.1	4.8
1989	-3.7	31.9	-4.2	-7.3	1.3	16.5	-0.1	0.9	8.2	5.5	3.8	0.6	3.7
1990	1.7	15.0	-11.3	0.7	-6.9	3.5	6.2	0.3	0.4	6.3	5.1	4.1	1.7
1991	1.3	-12.3	-11.8	6.5	-5.4	0.8	2.9	-1.4	—	8.9	1.5	4.7	1.3
1992	2.7	-9.1	5.1	-10.9	2.1	0.8	-2.3	3.4	7.5	5.4	2.5	3.5	3.0
1993	4.5	32.8	18.5	6.3	3.4	-1.6	-7.7	3.6	5.5	6.7	5.5	1.2	4.6
1994	-0.7	-21.1	-4.4	8.3	0.9	7.5	2.5	7.0	9.0	5.6	3.2	-1.5	4.1
1995	6.8	-25.2	-0.9	12.7	1.8	-4.8	-1.0	3.6	-0.3	1.9	3.6	-2.4	1.5
1996	-1.0	6.6	-0.1	1.6	-1.1	-0.9	5.0	0.4	0.6	3.1	1.6	-3.3	1.0
1997	-2.2	1.5	-8.1	5.3	1.1	1.3	-11.1	3.9	5.3	3.3	3.3	-2.0	2.3

Share

Year	Agriculture	Fishing and Trapping	Forestry and Logging	Mining	Manufacturing	Construction	Utilities	Transportation Communication and Storage	Wholesale and Retail Trade	Finance Insurance and Real Estate	Community Business and Personal Services	Public Administration and Defence	Total
(per cent)													
1987	1.0	0.3	3.9	2.7	13.0	7.0	3.3	9.4	11.0	16.4	24.9	6.4	100
1988	1.1	0.4	3.7	2.8	12.9	7.0	3.1	9.5	11.0	16.2	25.4	6.2	100
1989	1.1	0.5	3.4	2.5	12.6	7.9	3.0	9.3	11.5	16.5	25.4	6.0	100
1990	1.1	0.5	2.9	2.5	11.6	8.0	3.1	9.1	11.3	17.2	26.2	6.1	100
1991	1.1	0.5	2.6	2.6	10.8	8.0	3.2	8.9	11.2	18.5	26.3	6.4	100
1992	1.1	0.4	2.6	2.3	10.7	7.8	3.0	8.9	11.7	19.0	26.2	6.4	100
1993	1.1	0.5	3.0	2.3	10.6	7.3	2.7	8.8	11.8	19.3	26.4	6.2	100
1994	1.0	0.4	2.7	2.4	10.2	7.6	2.6	9.1	12.3	19.6	26.2	5.9	100
1995	1.1	0.3	2.7	2.7	10.3	7.1	2.5	9.3	12.1	19.7	26.7	5.6	100
1996	1.0	0.3	2.6	2.7	10.1	7.0	2.6	9.2	12.0	20.1	26.9	5.4	100
1997	1.0	0.3	2.4	2.8	10.0	6.9	2.3	9.4	12.4	20.3	27.2	5.2	100

¹ At the time of writing, Statistics Canada has not yet released estimates of gross domestic product (GDP) by industry for 1998.

Note: GDP at factor cost equals GDP at market prices less indirect taxes, net of subsidies.

Totals may not add due to rounding. In addition, constant dollar totals for years prior to 1991 do not sum to the published total because they include an adjustment which compensates for changes in the base year used to calculate real GDP.

Source: Statistics Canada.

Produced by: BC STATS, Ministry of Finance and Corporate Relations.

Table A1.5 British Columbia Nominal Gross Domestic Product (at market prices)¹**Expenditure Based**

Year	Consumer Expenditure			Current Government Expenditure	Government Investment ²	Business Investment				Net Exports	Statistical Discrepancy
	Durable Goods	Semi and Non-Durable Goods	Services			Residential Structures	Non-Residential Structures	Machinery and Equipment	Inventories		
(\$ millions)											
1987 ⁴	5,398	13,756	19,238	10,835	1,427	4,163	2,719	3,383	501	1,046	(393)
1988 ⁴	6,085	14,681	21,032	11,548	1,333	5,067	3,443	4,338	593	565	(114)
1989 ⁴	6,779	15,718	23,562	12,595	1,895	7,134	4,084	5,201	396	(2,340)	(216)
1990 ⁴	6,970	16,786	26,622	13,859	2,036	7,377	4,126	5,300	523	(4,611)	(198)
1991 ⁴	6,772	17,815	28,546	15,327	2,129	7,839	4,342	4,866	(113)	(5,643)	(427)
1992 ⁴	6,923	18,684	30,359	16,408	2,086	9,970	4,104	4,159	113	(4,829)	(1,279)
1992	6,339	18,333	30,142	19,604	2,570	8,816	3,580	4,662	(55)	(6,172)	(670)
1993	6,676	19,534	31,977	19,969	2,646	9,391	3,465	4,756	519	(4,382)	(1,061)
1994	7,431	20,641	33,551	20,640	3,196	9,714	4,606	5,581	581	(4,881)	(388)
1995	7,820	21,423	34,943	21,547	2,976	8,454	4,631	5,548	1,242	(4,235)	437
1996	8,029	22,089	37,132	21,877	3,177	8,455	4,264	5,122	(144)	(4,655)	497
1997	8,835	22,984	39,571	22,030	2,690	8,740	4,560	5,902	1,456	(7,976)	555

Growth Rate

Year	Consumer Expenditure			Current Government Expenditure	Government Investment ²	Business Investment				Net Exports	Statistical Discrepancy
	Durable Goods	Semi and Non-Durable Goods	Services			Residential Structures	Non-Residential Structures	Machinery and Equipment	Inventories		
(per cent)											
1987 ⁴	11.5	5.6	10.7	5.7	-0.2	32.7	5.5	22.5	—	—	—
1988 ⁴	12.7	6.7	9.3	6.6	-6.6	21.7	26.6	28.2	—	—	—
1989 ⁴	11.4	7.1	12.0	9.1	42.2	40.8	18.6	19.9	—	—	—
1990 ⁴	2.8	6.8	13.0	10.0	7.4	3.4	1.0	1.9	—	—	—
1991 ⁴	-2.8	6.1	7.2	10.6	4.6	6.3	5.2	-8.2	—	—	—
1992 ⁴	2.2	4.9	6.4	7.1	-2.0	27.2	-5.5	-14.5	—	—	—
1992	—	—	—	—	—	—	—	—	—	—	—
1993	5.3	6.6	6.1	1.9	3.0	6.5	-3.2	2.0	—	—	—
1994	11.3	5.7	4.9	3.4	20.8	3.4	32.9	17.3	—	—	—
1995	5.2	3.8	4.1	4.4	-6.9	-13.0	0.5	-0.6	—	—	—
1996	2.7	3.1	6.3	1.5	6.8	—	-7.9	-7.7	—	—	—
1997	10.0	4.1	6.6	0.7	-15.3	3.4	6.9	15.2	—	—	—

Share

Year	Consumer Expenditure			Current Government Expenditure	Government Investment ²	Business Investment				Net Exports	Statistical Discrepancy
	Durable Goods	Semi and Non-Durable Goods	Services			Residential Structures	Non-Residential Structures	Machinery and Equipment	Inventories		
(per cent)											
1987 ⁴	8.7	22.2	31.0	17.5	2.3	6.7	4.4	5.5	0.8	1.7	-0.6
1988 ⁴	8.9	21.4	30.7	16.8	1.9	7.4	5.0	6.3	0.9	0.8	-0.2
1989 ⁴	9.1	21.0	31.5	16.8	2.5	9.5	5.5	7.0	0.5	-3.1	-0.3
1990 ⁴	8.8	21.3	33.8	17.6	2.6	9.4	5.2	6.7	0.7	-5.9	-0.3
1991 ⁴	8.3	21.9	35.0	18.8	2.6	9.6	5.3	6.0	-0.1	-6.9	-0.5
1992 ⁴	8.0	21.6	35.0	18.9	2.4	11.5	4.7	4.8	0.1	-5.6	-1.5
1992	7.3	21.0	34.6	22.5	2.9	10.1	4.1	5.3	-0.1	-7.1	-0.8
1993	7.1	20.9	34.2	21.4	2.8	10.0	3.7	5.1	0.6	-4.7	-1.1
1994	7.4	20.5	33.3	20.5	3.2	9.6	4.6	5.5	0.6	-4.8	-0.4
1995	7.5	20.4	33.3	20.6	2.8	8.1	4.4	5.3	1.2	-4.0	0.4
1996	7.6	20.9	35.1	20.7	3.0	8.0	4.0	4.8	-0.1	-4.4	0.5
1997	8.1	21.0	36.2	20.1	2.5	8.0	4.2	5.4	1.3	-7.3	0.5

¹ At the time of writing, Statistics Canada has not yet released estimates of gross domestic product (GDP) at market prices for 1998.

² Includes investment in structures, machinery and equipment, and inventories.

³ MII: Miscellaneous Investment Income.

⁴ In May 1998, as part of its periodic re-basing of the national economic accounts, Statistics Canada revised provincial GDP data back to 1992. Prior to 1992, figures reflect previously published economic accounts information.

Note: Totals may not add due to rounding.

Source: Statistics Canada.

Produced by: BC STATS, Ministry of Finance and Corporate Relations.

Income Based

Total GDP Expenditure or Income	Labour Income	Corporation Profits	Interest and MII ³	Accrued Net Income of Farm Operators	Net Income of Non-Farm Unincorporated Business	Inventory Valuation Adjustment	Capital Consumption Allowances	Indirect Taxes Less Subsidies	Statistical Discrepancy	Year
(\$ millions)										
62,073	32,859	6,302	4,836	121	4,185	(319)	7,555	6,141	393	1987 ⁴
68,571	36,139	7,219	5,659	153	4,445	(263)	7,945	7,160	114	1988 ⁴
74,808	40,318	5,950	7,249	74	4,707	(208)	8,514	7,987	217	1989 ⁴
78,790	44,007	3,500	8,342	75	4,935	50	9,428	8,255	198	1990 ⁴
81,453	46,051	2,915	7,696	107	5,199	(14)	9,916	9,155	428	1991 ⁴
86,698	48,650	3,402	7,650	112	5,478	(505)	10,465	10,165	1,281	1992 ⁴
87,149	48,933	3,138	7,796	112	5,883	(616)	10,333	10,899	671	1992
93,490	51,355	4,181	8,314	158	6,308	(901)	10,939	12,075	1,061	1993
100,672	54,018	6,179	8,965	88	6,817	(510)	11,710	13,017	388	1994
104,786	56,795	6,621	9,015	65	7,100	(115)	12,523	13,219	(437)	1995
105,843	58,577	5,658	8,454	(13)	7,326	(218)	13,069	13,487	(497)	1996
109,347	60,515	6,231	7,953	189	7,647	(142)	13,606	13,903	(555)	1997

Growth Rate

GDP Expenditure or Income	Labour Income	Corporation Profits	Interest and MII ³	Accrued Net Income of Farm Operators	Net Income of Non-Farm Unincorporated Business	Inventory Valuation Adjustment	Capital Consumption Allowances	Indirect Taxes Less Subsidies	Statistical Discrepancy	Year
(per cent)										
11.8	8.2	49.4	4.7	9.0	5.3	—	3.2	9.1	—	1987 ⁴
10.5	10.0	14.6	17.0	26.4	6.2	—	5.2	16.6	—	1988 ⁴
9.1	11.6	-17.6	28.1	-51.6	5.9	—	7.2	11.6	—	1989 ⁴
5.3	9.1	-41.2	15.1	1.4	4.8	—	10.7	3.4	—	1990 ⁴
3.4	4.6	-16.7	-7.7	42.7	5.3	—	5.2	10.9	—	1991 ⁴
6.4	5.6	16.7	-0.6	4.7	5.4	—	5.5	11.0	—	1992 ⁴
—	—	—	—	—	—	—	—	—	—	1992
7.3	4.9	33.2	6.6	41.1	7.2	—	5.9	10.8	—	1993
7.7	5.2	47.8	7.8	-44.3	8.1	—	7.0	7.8	—	1994
4.1	5.1	7.2	0.6	-26.1	4.2	—	6.9	1.6	—	1995
1.0	3.1	-14.5	-6.2	—	3.2	—	4.4	2.0	—	1996
3.3	3.3	10.1	-5.9	—	4.4	—	4.1	3.1	—	1997

Share

GDP Expenditure or Income	Labour Income	Corporation Profits	Interest and MII ³	Accrued Net Income of Farm Operators	Net Income of Non-Farm Unincorporated Business	Inventory Valuation Adjustment	Capital Consumption Allowances	Indirect Taxes Less Subsidies	Statistical Discrepancy	Year
(per cent)										
100	52.9	10.2	7.8	0.2	6.7	-0.5	12.2	9.9	0.6	1987 ⁴
100	52.7	10.5	8.3	0.2	6.5	-0.4	11.6	10.4	0.2	1988 ⁴
100	53.9	8.0	9.7	0.1	6.3	-0.3	11.4	10.7	0.3	1989 ⁴
100	55.9	4.4	10.6	0.1	6.3	0.1	12.0	10.5	0.3	1990 ⁴
100	56.5	3.6	9.4	0.1	6.4	—	12.2	11.2	0.5	1991 ⁴
100	56.1	3.9	8.8	0.1	6.3	-0.6	12.1	11.7	1.5	1992 ⁴
100	56.1	3.6	8.9	0.1	6.8	-0.7	11.9	12.5	0.8	1992
100	54.9	4.5	8.9	0.2	6.7	-1.0	11.7	12.9	1.1	1993
100	53.7	6.1	8.9	0.1	6.8	-0.5	11.6	12.9	0.4	1994
100	54.2	6.3	8.6	0.1	6.8	-0.1	12.0	12.6	-0.4	1995
100	55.3	5.3	8.0	—	6.9	-0.2	12.3	12.7	-0.5	1996
100	55.3	5.7	7.3	0.2	7.0	-0.1	12.4	12.7	-0.5	1997

Table A1.6 British Columbia Real Gross Domestic Product (at market prices)¹

Year	Consumer Expenditure			Current Government Expenditure	Government Investment ²	Business Investment				Net Exports	Statistical Discrepancy	Total GDP Expenditure
	Durable Goods	Semi and Non-Durable Goods	Services			Residential Structures	Non-Residential Structures	Machinery and Equipment	Inventories			
(1992 \$ millions)												
1987 ³	5,308	13,185	18,710	10,404	1,518	3,902	2,673	3,403	495	466	(378)	59,686
1988 ³	5,805	13,575	19,903	10,791	1,311	4,332	3,186	4,467	491	(928)	(104)	62,829
1989 ³	6,261	14,014	21,295	11,180	1,809	5,353	3,581	5,303	398	(4,138)	(187)	64,869
1990 ³	6,340	14,146	22,868	11,653	1,833	5,462	3,491	5,366	486	(5,388)	(164)	66,093
1991 ³	6,096	14,168	23,254	12,172	2,072	5,524	3,787	5,565	(18)	(5,909)	(362)	66,349
1992 ³	6,285	14,547	24,055	12,441	2,000	6,599	3,574	4,882	127	(5,547)	(1,045)	67,918
1992.....	6,339	18,333	30,142	19,604	2,570	8,816	3,580	4,662	(55)	(6,172)	(670)	87,149
1993.....	6,515	18,973	30,907	19,717	2,629	8,929	3,366	4,696	430	(4,803)	(1,030)	90,329
1994.....	7,025	19,958	31,771	19,520	3,121	8,982	4,338	5,303	567	(6,323)	(368)	93,894
1995.....	7,233	20,393	32,418	19,588	2,856	7,994	4,276	5,200	1,032	(6,337)	389	95,042
1996.....	7,361	20,894	33,858	19,555	3,020	8,284	3,892	4,789	(84)	(5,950)	441	96,060
1997.....	8,043	21,233	35,496	19,714	2,551	8,698	4,126	5,513	1,129	(8,767)	465	98,201

Growth Rate

Year	Consumer Expenditure			Current Government Expenditure	Government Investment ²	Business Investment				Net Exports	Statistical Discrepancy	Total GDP Expenditure
	Durable Goods	Semi and Non-Durable Goods	Services			Residential Structures	Non-Residential Structures	Machinery and Equipment	Inventories			
(per cent)												
1987 ³	9.6	1.3	7.6	1.5	6.2	24.4	3.7	23.2	—	—	—	7.5
1988 ³	9.4	3.0	6.4	3.7	-13.6	11.0	19.2	31.3	—	—	—	5.3
1989 ³	7.9	3.2	7.0	3.6	38.0	23.6	12.4	18.7	—	—	—	3.2
1990 ³	1.3	0.9	7.4	4.2	1.3	2.0	-2.5	1.2	—	—	—	1.9
1991 ³	-3.8	0.2	1.7	4.5	13.0	1.1	8.5	3.7	—	—	—	0.4
1992 ³	3.1	2.7	3.4	2.2	-3.5	19.5	-5.6	-12.3	—	—	—	2.4
1992.....	—	—	—	—	—	—	—	—	—	—	—	—
1993.....	2.8	3.5	2.5	0.6	2.3	1.3	-6.0	0.7	—	—	—	3.6
1994.....	7.8	5.2	2.8	-1.0	18.7	0.6	28.9	12.9	—	—	—	3.9
1995.....	3.0	2.2	2.0	0.3	-8.5	-11.0	-1.4	-1.9	—	—	—	1.2
1996.....	1.8	2.5	4.4	-0.2	5.7	3.6	-9.0	-7.9	—	—	—	1.1
1997.....	9.3	1.6	4.8	0.8	-15.5	5.0	6.0	15.1	—	—	—	2.2

Share

Year	Consumer Expenditure			Current Government Expenditure	Government Investment ²	Business Investment				Net Exports	Statistical Discrepancy	Total GDP Expenditure
	Durable Goods	Semi and Non-Durable Goods	Services			Residential Structures	Non-Residential Structures	Machinery and Equipment	Inventories			
(per cent)												
1987 ³	8.9	22.1	31.3	17.4	2.5	6.5	4.5	5.7	0.8	0.8	-0.6	100
1988 ³	9.2	21.6	31.7	17.2	2.1	6.9	5.1	7.1	0.8	-1.5	-0.2	100
1989 ³	9.7	21.6	32.8	17.2	2.8	8.3	5.5	8.2	0.6	-6.4	-0.3	100
1990 ³	9.6	21.4	34.6	17.6	2.8	8.3	5.3	8.1	0.7	-8.2	-0.2	100
1991 ³	9.2	21.4	35.0	18.3	3.1	8.3	5.7	8.4	—	-8.9	-0.5	100
1992 ³	9.3	21.4	35.4	18.3	2.9	9.7	5.3	7.2	0.2	-8.2	-1.5	100
1992.....	7.3	21.0	34.6	22.5	2.9	10.1	4.1	5.3	-0.1	-7.1	-0.8	100
1993.....	7.2	21.0	34.2	21.8	2.9	9.9	3.7	5.2	0.5	-5.3	-1.1	100
1994.....	7.5	21.3	33.8	20.8	3.3	9.6	4.6	5.6	0.6	-6.7	-0.4	100
1995.....	7.6	21.5	34.1	20.6	3.0	8.4	4.5	5.5	1.1	-6.7	0.4	100
1996.....	7.7	21.8	35.2	20.4	3.1	8.6	4.1	5.0	-0.1	-6.2	0.5	100
1997.....	8.2	21.6	36.1	20.1	2.6	8.9	4.2	5.6	1.1	-8.9	0.5	100

¹ At the time of writing, Statistics Canada has not yet released estimates of gross domestic product (GDP) at market prices for 1998.

² Includes investment in structures, machinery and equipment, and inventories.

³ In May 1998, as part of its periodic re-basing of the national economic accounts, Statistics Canada revised provincial GDP data back to 1992. Prior to 1992, figures reflect previously published economic accounts information.

Note: Totals may not add due to rounding.

Source: Statistics Canada.

Produced by: BC STATS, Ministry of Finance and Corporate Relations.

Table A1.7 Capital Investment by Industry

	Actual 1997	Preliminary 1998	Revised Intentions 1999	Change 1997–1998	Change 1998–1999
		(\$ millions)		(per cent)	
Agriculture, forestry, fishing and hunting.....	386.1	413.1	685.3	7.0	65.9
Mining, oil and gas extraction.....	2,266.0	1,673.8	1,595.4	-26.1	-4.7
Utilities.....	637.5	836.0	925.8	31.1	10.7
Construction.....	286.9	249.8	240.9	-12.9	-3.6
Manufacturing.....	1,644.7	1,215.2	1,394.5	-26.1	14.8
Wholesale trade.....	355.6	343.1	223.0	-3.5	-35.0
Retail trade.....	689.7	642.7	638.3	-6.8	-0.7
Transportation and warehousing.....	1,270.9	1,521.4	2,224.3	19.7	46.2
Information and cultural industries.....	923.9	846.3	1,087.6	-8.4	28.5
Finance and insurance.....	1,411.5	1,272.4	1,340.2	-9.9	5.3
Real estate, rental and leasing.....	1,376.9	951.4	1,247.9	-30.9	31.2
Education.....	466.1	452.6	428.1	-2.9	-5.4
Health care and social assistance.....	315.5	234.4	346.4	-25.7	47.8
Accommodation and food services.....	362.1	342.0	322.2	-5.6	-5.8
Other services ¹	629.3	632.7	627.8	0.5	-0.8
Public administration.....	1,829.5	1,956.9	2,414.9	7.0	23.4
Housing.....	6,954.4	6,032.1	5,153.8	-13.3	-14.6
Total.....	<u>21,806.6</u>	<u>19,615.9</u>	<u>20,896.4</u>	-10.0	6.5
Public investment.....	3,322.6	3,660.6	4,538.2	10.2	24.0
Private investment.....	18,484.0	15,955.3	16,358.2	-13.7	2.5
Total.....	<u>21,806.6</u>	<u>19,615.9</u>	<u>20,896.4</u>	-10.0	6.5
Machinery and equipment.....	7,015.8	6,717.7	8,134.2	-4.2	21.1
Construction.....	14,790.8	12,898.2	12,762.3	-12.8	-1.1
Total.....	<u>21,806.6</u>	<u>19,615.9</u>	<u>20,896.4</u>	-10.0	6.5

¹ Includes professional, scientific and technical services, management of companies, administrative, waste management and remediation, arts, entertainment and recreation, and other services.

Note: Totals may not add due to rounding.

Source: Statistics Canada.

Table A1.8 British Columbia International Goods Exports by Major Market and Selected Commodities, 1998

Commodity	U.S.	Japan	European Union ¹	Other Markets	Total — All Countries
	(\$ millions)				
Solid wood products.....	6,356	1,672	362	212	8,602
Lumber (softwood).....	4,637	1,352	273	175	6,437
Cedar shakes and shingles.....	241	—	5	2	248
Selected value-added wood products.....	57	72	68	5	202
Plywood (softwood).....	787	98	12	21	918
Other.....	634	149	5	9	797
Pulp and paper products.....	2,089	669	1,027	1,075	4,859
Pulp.....	593	481	903	792	2,768
Newsprint.....	508	163	1	113	786
Paper, paperboard.....	900	23	121	159	1,204
Other.....	87	2	1	11	101
Agriculture and food.....	757	146	32	171	1,106
Fruit and nuts.....	112	8	2	12	134
Vegetables.....	117	11	2	5	136
Other.....	528	127	27	154	836
Fish products.....	447	203	61	93	805
Whole fish; fresh, chilled, frozen.....	76	26	3	5	110
Whole salmon; fresh, chilled, frozen.....	243	41	4	10	299
Salmon; canned, smoked, etc.....	3	4	52	16	74
Other.....	125	132	3	61	322
Metallic mineral products.....	506	701	18	312	1,537
Copper ores and concentrates.....	11	242	—	93	345
Molybdenum ores and concentrates.....	3	35	17	9	65
Unwrought aluminum.....	116	322	—	98	536
Unwrought zinc.....	311	14	—	87	412
Other.....	64	87	1	26	179
Energy products.....	1,384	883	315	685	3,267
Natural gas.....	893	—	—	142	1,035
Coal.....	47	882	314	552	1,795
Electricity.....	338	—	—	-15	323
Other.....	106	1	—	6	114
Machinery and equipment.....	2,552	131	141	340	3,164
Motor vehicles and parts.....	626	19	8	79	733
Electrical/electronic/communications.....	480	42	37	119	678
Other.....	1,446	70	96	142	1,753
Plastics and articles of plastic.....	271	3	3	11	288
Apparel and accessories.....	206	5	1	4	217
All other commodities.....	1,711	118	49	340	2,217
Total.....	<u>16,278</u>	<u>4,531</u>	<u>2,009</u>	<u>3,243</u>	<u>26,062</u>

¹ Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the United Kingdom.

Note: Totals may not add due to rounding.

Source: BC STATS, Ministry of Finance and Corporate Relations.

Table A1.9 British Columbia International Goods Exports to Major Countries and Market Areas

	1994	1995	1996	1997	1998	Change 1997-1998	Per Cent of Total 1997	Per Cent of Total 1998
	(\$ millions)					(per cent)		
United Kingdom.....	321	386	336	289	303	4.8	1.1	1.2
Germany.....	466	694	404	476	395	-16.9	1.8	1.5
People's Republic of China.....	305	499	514	456	465	2.1	1.7	1.8
Hong Kong.....	192	271	258	352	270	-23.4	1.3	1.0
Taiwan.....	361	482	354	457	399	-12.7	1.7	1.5
Japan.....	5,658	6,768	6,403	6,004	4,532	-24.5	22.4	17.4
South Korea.....	738	982	866	954	678	-28.9	3.6	2.6
India.....	58	77	50	65	85	31.5	0.2	0.3
Australia.....	262	298	243	236	226	-4.1	0.9	0.9
Mexico.....	77	54	50	62	60	-4.0	0.2	0.2
United States.....	12,355	13,293	13,883	14,864	16,406	10.4	55.5	63.0
Other.....	<u>2,042</u>	<u>3,108</u>	<u>2,380</u>	<u>2,556</u>	<u>2,242</u>	-12.3	<u>9.5</u>	<u>8.6</u>
Total.....	<u>22,834</u>	<u>26,911</u>	<u>25,742</u>	<u>26,771</u>	<u>26,061</u>	-2.7	<u>100.0</u>	<u>100.0</u>
Market areas:								
Western Europe ¹	1,993	2,944	1,978	2,102	2,041	-2.9	7.9	7.8
Pacific Rim ²	7,898	9,862	9,226	9,027	6,952	-23.0	33.7	26.7

¹ Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

² Australia, Brunei Darussalam, China, Fiji, Hong Kong, Indonesia, Japan, Laos, Macau, Malaysia, Mongolia, New Zealand, North Korea, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

Note: Totals may not add and percentages may not calculate due to rounding.

Source: BC STATS, Ministry of Finance and Corporate Relations.

Table A1.10 Historical Commodity Prices (in U.S. Dollars)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	Change 1997-1998
	(\$ U.S.)										(per cent)
Metals											
Copper (London; \$/lb)	1.29	1.21	1.07	1.04	0.87	1.05	1.33	1.04	1.03	0.75	-27.2
Lead (London; \$/lb)	0.30	0.37	0.25	0.24	0.19	0.25	0.29	0.35	0.28	0.24	-1.0
Zinc (London; \$/lb)	0.75	0.69	0.51	0.56	0.43	0.45	0.47	0.47	0.60	0.47	1.1
Gold (London; \$/troy oz)	381.32	383.94	361.74	344.18	360.29	384.18	384.27	387.78	331.23	294.78	-11.0
Silver (London; \$/troy oz)	5.49	4.65	4.04	3.95	4.31	5.28	5.20	5.08	4.91	5.57	13.4
Molybdenum (weekly average price from MetalPrices.com; \$/lb)	3.17	2.58	2.13	1.92	2.28	4.61	7.46	3.80	4.34	3.45	-20.5
Aluminum (London; \$/lb)	0.96	0.76	0.61	0.59	0.54	0.70	0.82	0.67	0.72	0.62	-13.9
Forest products											
Lumber (Madison's Lumber Reporter; WSPF, \$/1000 bd ft)	184.80	187.67	188.71	227.15	336.68	342.54	251.40	352.40	353.38	286.00	-19.1
Pulp (Northern Europe; \$/tonne, transaction price)	832.50	811.67	572.00	563.08	433.21	572.00	887.98	590.58	566.54	515.94	-8.9
Newsprint (Pulp and Paper Week; \$/tonne)	—	—	—	—	441.25	463.33	675.67	652.35	559.04	595.00	6.4
Hemlock baby squares (Madison's Lumber Reporter; 3 9/16")	—	—	—	—	—	—	—	796.00	822.00	555.37	-32.4
Other											
Oil (West Texas Intermediate; \$/barrel)	19.65	24.51	21.34	20.63	18.37	17.28	18.38	21.95	20.68	14.46	-30.1
Natural gas (Sumas; \$/MmBTU)	—	—	—	—	—	—	—	—	2.23	2.27	1.8

Source: Ministry of Finance and Corporate Relations.

Appendix 2: Financial Review

The Financial Cycle — Government Ministries and Offices

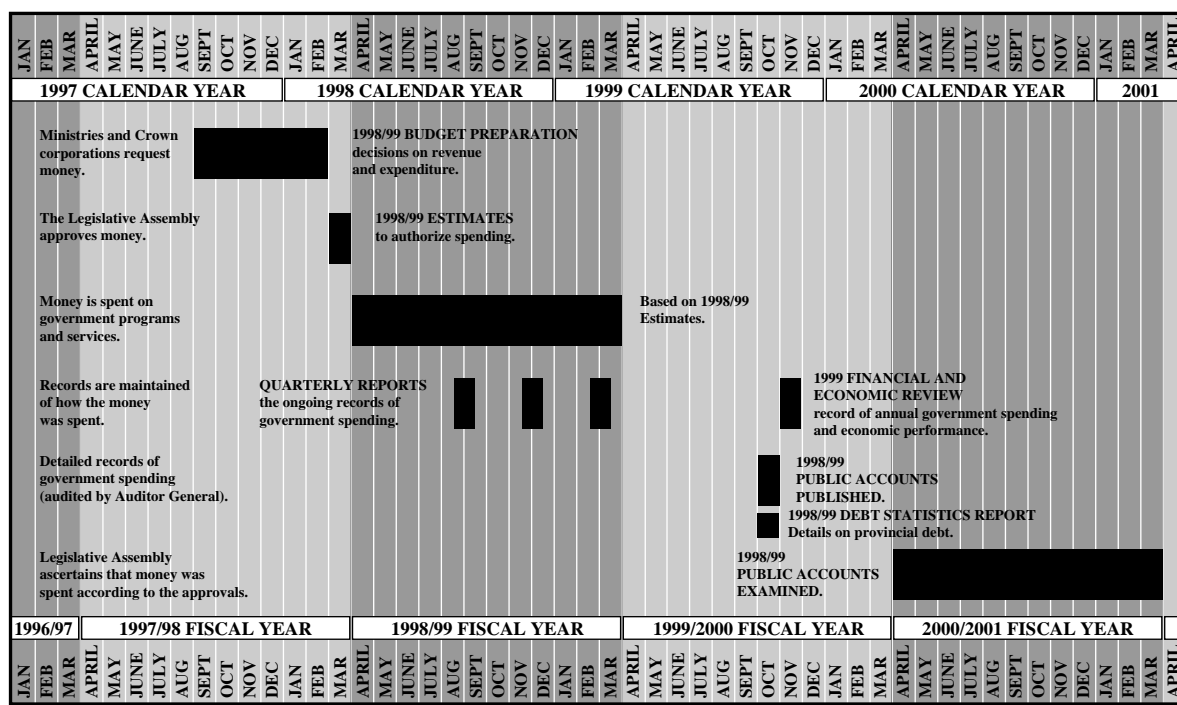
Chart A2.1 summarizes the annual financial process of the provincial government, including certain government organizations that depend on direct financial assistance from provincial government ministries. This process consists of four main stages.

- *Planning and Budget Preparation* — each ministry first identifies activities that require funding and submits a proposed budget for review by Treasury Board. Decisions are made on individual ministry budgets based on revenue expectations and government spending priorities.
- *Implementation and Reporting* — the budget is presented to the Legislative Assembly by the Minister of Finance and Corporate Relations and is accompanied by a document called the *Estimates*. The *Estimates* lays out the government’s revenue and expenditure plan for the next fiscal year, and also provides other information on the government’s finances. Spending for programs and services under each ministry is grouped in the *Estimates* into packages or “votes”, so called because the legislature debates and then votes on each package. *Interim Supply Acts* are passed to authorize government spending while the *Estimates* are being debated. After all votes have been approved, the Legislative Assembly passes a final *Supply Act* to authorize spending for the fiscal year.

Throughout the year, the authorized money is spent on government programs and services as specified in the *Estimates* and approved ministry spending plans. During the fiscal year, Treasury Board closely monitors the government’s financial activities. Records are maintained of how the money is collected and spent, and quarterly reports are published to provide regular public updates on the government’s finances.

- *Evaluation* — at the end of the fiscal year, the *Public Accounts* are prepared by the Comptroller General and examined by the Auditor General to ensure that the financial statements fairly present the government’s financial position.

Chart A2.1 The Financial Cycle



- *Accountability* — the *Public Accounts* are published and presented to the Legislative Assembly, and the Public Accounts Committee (a committee of the Legislative Assembly) examines them to ensure that government spending was in accordance with what was approved. The *British Columbia Financial and Economic Review* is also published, which provides an overview of annual and historical financial and economic results, as well as descriptions of government programs and the activities of the government's Crown corporations and agencies during the year. The government also issues the *Debt Statistics Report* to provide detailed information on the debt of the government and its Crown corporations and agencies, and various indicators on debt performance and management. The report also contains an opinion from the Auditor General on the summary information presented in the report.

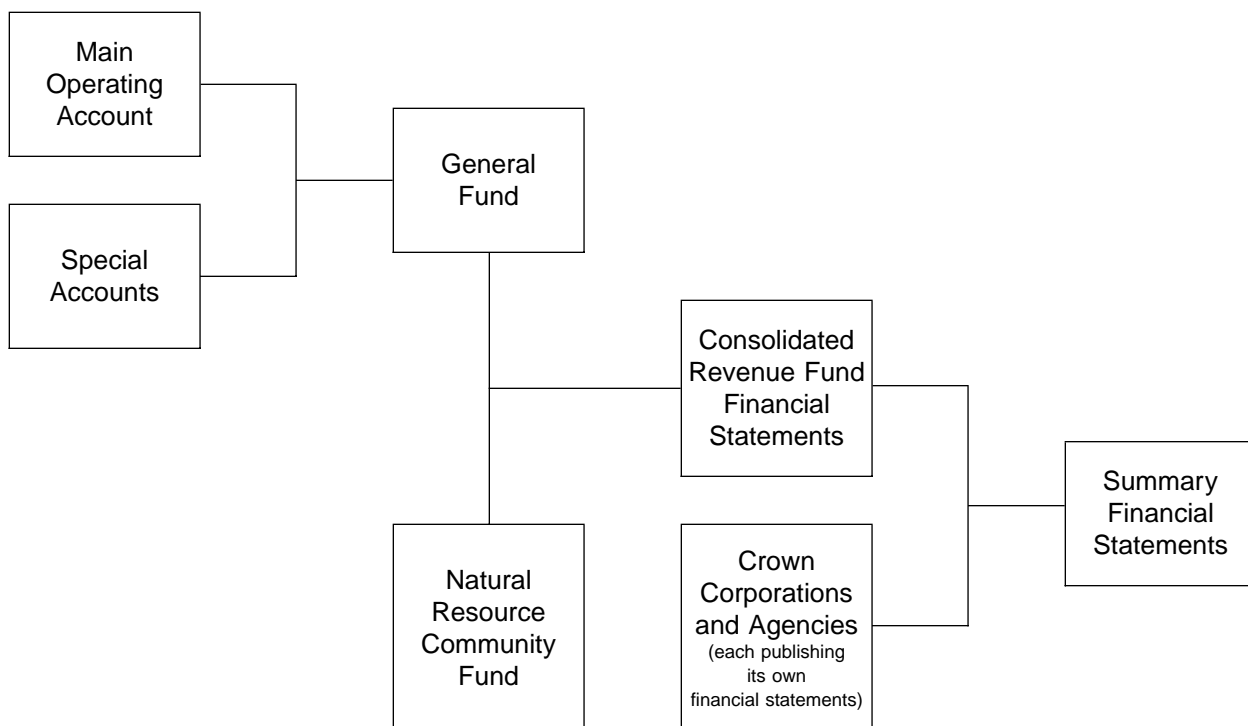
The various fiscal and economic publications released during the year are pictured on the next page.

Government, Crown Corporation and Agency Accounts and Financial Statements

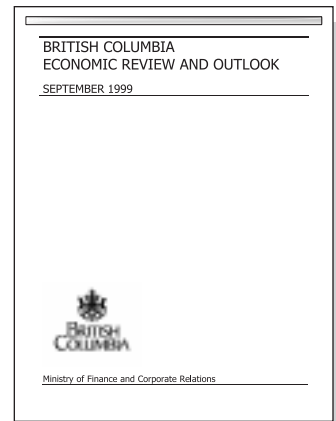
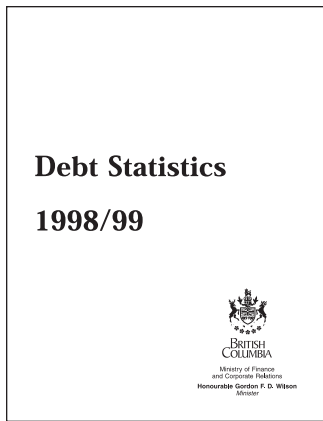
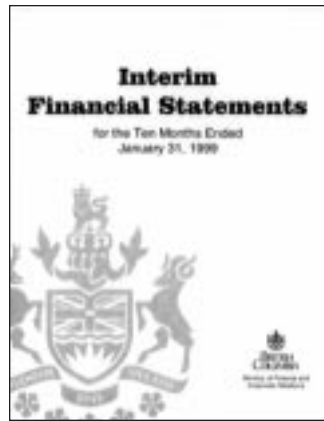
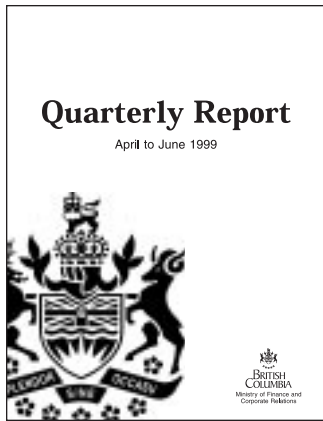
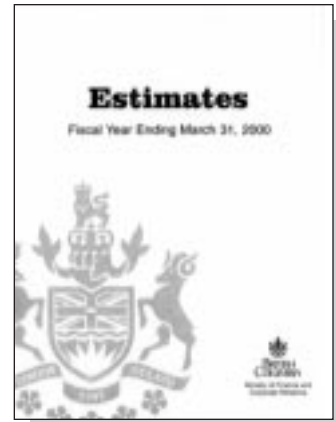
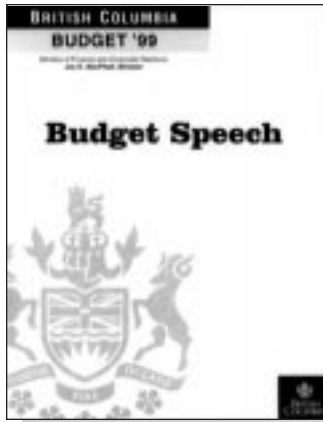
Consolidated Revenue Fund

The government conducts its activities through ministries, Crown corporations and agencies. The accounts relating to the government's own activities are contained in the consolidated revenue fund. In 1998/99, the consolidated revenue fund included the general fund with its various special accounts, and one special fund — the natural resource community fund. The consolidated revenue fund comprises all money over which the legislature has the power of appropriation (see Chart A2.2).

Chart A2.2 Components of the Provincial Government's Financial Statements — 1998/99



FISCAL AND ECONOMIC PUBLICATIONS OF
THE MINISTRY OF FINANCE AND CORPORATE RELATIONS



Transactions of the consolidated revenue fund are reported in the government's consolidated revenue fund financial statements, which are subject to audit by the Auditor General and published as part of the government's annual *Public Accounts*. These statements also include transactions between the government and its Crown corporations and agencies. Revenue and expenditure of the consolidated revenue fund are recorded on an accrual basis of accounting, with certain limited exceptions. Assets are recorded on the government's balance sheet to the extent that they represent financial claims by the government upon outside parties; are items held for resale, prepaid expenses, deferred charges, or prepaid capital advances; or are tangible capital assets acquired. Similarly, liabilities are recorded only if they represent actual or probable financial claims against the government.

In this appendix, current and historical operating results are presented for the government's consolidated revenue fund in accordance with the government's accounting policies effective March 31, 1999.

Summary Financial Statements (Summary Accounts)

The operations of Crown corporations and agencies are recorded in their own financial statements, which are subject to audit by the Auditor General or by private-sector auditors. Information on the combined financial results of the government and its Crown corporations and agencies is presented in the government's summary financial statements, or summary accounts, which are published as part of the annual *Public Accounts* (see Chart A2.2). Summary information on the financial results of Crown corporations and agencies on a sector level (e.g. health, education, and natural resource sectors) is also provided in the *Public Accounts*. Details on the financial results of individual Crown corporations and agencies are available on the Internet from the Ministry of Finance and Corporate Relations website at <http://www.fin.gov.bc.ca>.

The accounting policies and practices of individual Crown corporations and agencies may differ from those used by the central government in preparing its own consolidated revenue fund financial statements. For this reason, the financial statements of Crown corporations and agencies are usually adjusted to conform to the government's accounting policies in preparing the summary financial statements. For example, capital expenditures for highway infrastructure incurred by the BC Transportation Financing Authority (BCTFA) are recorded as capital assets in the accounts of the authority. However, because the government's 1998/99 accounting policy was to charge these costs as part of annual operating expenditures, capital expenditures of the BCTFA are written off and charged to annual expenditures when preparing the government's summary financial statements. Although the government has been phasing in capitalization accounting policies since 1995/96, these policies will not be applied to capital expenditures for highway infrastructure until 1999/2000.

Crown corporations and agencies may generally be classified as either taxpayer-supported or self-supporting. Taxpayer-supported Crown corporations and agencies may sell services directly to the public, but their revenue may not cover operating expenses and debt servicing payments. In these cases, the government provides some grants or other forms of assistance to them, including the dedication of provincial revenue. This category also includes Crown corporations and agencies whose primary purpose is to provide services to the government. Commercial Crown corporations and agencies are not taxpayer-supported as they generate sufficient revenues to cover operating and debt service costs, and may pay dividends to the provincial government.

Specific information on the financial results of certain government organizations and enterprises is shown in Chapter 7 and Appendix 7. Information on debt of the provincial government and its Crown corporations and agencies is shown in Tables A2.11 to A2.13 of this appendix, and in the annual *Debt Statistics Report*.

The following table provides details on the components of the government's summary accounts for the fiscal years 1994/95 to 1998/99. The information is based on the *Public Accounts* for each year, adjusted to be consistent with the government's accounting policies in effect March 31, 1999. Further information is provided later in this Appendix and in Chapters 2 and 7.

**RECONCILIATION OF THE CONSOLIDATED REVENUE FUND TO THE
SUMMARY FINANCIAL STATEMENTS¹**

	1994/95	1995/96	1996/97	1997/98 ²	1998/99
	(\$ millions)				
Consolidated revenue fund (CRF) surplus (deficit)...	<u>(447)</u>	<u>(356)</u>	<u>(337)</u>	<u>(151)</u>	<u>(466)</u>
Net earnings/(losses) of taxpayer-supported Crown corporations and agencies:					
British Columbia Buildings Corporation.....	29	33	39	39	48
British Columbia Ferry Corporation.....	(31)	(39)	(77)	(59)	(111)
BC Transportation Financing Authority.....	43	35	25	52	(22)
Forest Renewal BC.....	422	324	105	(92)	(264)
Other ³	<u>45</u>	<u>(7)</u>	<u>(20)</u>	<u>40</u>	<u>9</u>
Net earnings (losses).....	508	346	72	(20)	(340)
Less: Accounting policy and other adjustments ⁴	<u>(483)</u>	<u>(375)</u>	<u>(435)</u>	<u>(325)</u>	<u>(510)</u>
Net contribution to the summary financial statements surplus (deficit).....	<u>25</u>	<u>(29)</u>	<u>(363)</u>	<u>(345)</u>	<u>(850)</u>
Net Earnings/(losses) of commercial Crown corporations and agencies:					
British Columbia Hydro and Power Authority.....	162	150	339	408	395
Liquor Distribution Branch.....	569	567	587	606	616
British Columbia Lottery Corporation ⁵	235	244	266	283	446
British Columbia Railway Company.....	40	47	36	40	27
Insurance Corporation of British Columbia.....	141	62	(135)	14	61
Other ⁶	<u>55</u>	<u>(47)</u>	<u>(8)</u>	<u>(25)</u>	<u>(23)</u>
Net earnings (losses).....	1,202	1,023	1,085	1,326	1,522
Less: Contributions to the CRF and other organizations ⁷	<u>(1,008)</u>	<u>(956)</u>	<u>(1,138)</u>	<u>(1,260)</u>	<u>(1,425)</u>
Net contribution to the summary financial statements surplus (deficit).....	<u>194</u>	<u>67</u>	<u>(53)</u>	<u>66</u>	<u>97</u>
Summary financial statements surplus (deficit).....	<u>(228)</u>	<u>(318)</u>	<u>(753)</u>	<u>(430)</u>	<u>(1,219)</u>

¹ Based on published *Public Accounts* information. Crown corporation and agency figures for 1994/95 and 1995/96 have not been adjusted for changes resulting from the reclassification of certain Crown corporations and agencies in later years.

² Certain 1997/98 figures have been restated to be consistent with the presentation used for 1998/99.

³ Includes earnings/(losses) of other taxpayer-supported Crown corporations and agencies, including the British Columbia Securities Commission, British Columbia Transit, and the British Columbia Systems Corporation.

⁴ Includes adjustments required to present the financial results of Crown corporations and agencies on the same basis as the accounting policies used for the consolidated revenue fund. The adjustment primarily represents the write-off of highway infrastructure expenditures of the BC Transportation Financing Authority, and the elimination of transfers to, and contributions received from, those agencies by the consolidated revenue fund.

⁵ British Columbia Lottery Corporation earnings are shown net of payments to the government of Canada.

⁶ Includes earnings/(losses) of other commercial Crown corporations, including Columbia Power Corporation and 552513 British Columbia Ltd. (Skeena Cellulose Inc.).

⁷ Includes dividends and profits of British Columbia Hydro and Power Authority, British Columbia Railway Company, British Columbia Lottery Corporation and other commercial entities that are included in CRF revenue, and transfers of British Columbia Lottery Corporation revenue to charitable organizations by the British Columbia Gaming Commission.

Consistent with the practice followed in 1997/98, and with the practices followed in most other jurisdictions in Canada, the summary accounts do not include the financial results (revenues, expenditures, assets and liabilities) for universities, colleges, school districts, hospital districts and health care organisations. Although the government continues to publish separate financial information on these sectors as part of the annual *Public Accounts*, the Auditor General has, nevertheless, expressed a reservation that these organizations should be included in the summary financial statements of the provincial government.

Accounting Changes Effective in 1998/99

A. Capital Assets of the Consolidated Revenue Fund

Up until 1995/96, the provincial government treated most annual capital expenditures on basically a “pay-as-you-go” basis. For the most part, Crown corporation statements were adjusted to this basis when preparing the government’s summary financial statements. This method of accounting has sometimes been referred to as the “expenditure basis” of accounting. Beginning with the *1995/96 Public Accounts*, the government began phasing in an accounting policy to capitalize and amortize the costs of certain tangible assets. Capitalization is a process of replacing, in the government’s annual budgetary expenditures, amounts spent to acquire tangible capital assets with amortization/depreciation expenses associated with those assets. This method of accounting is sometimes referred to as the “expense basis” of accounting. Capitalization of tangible capital assets does not affect the amount of provincial debt reported in a particular year. Figures for the fiscal year 1995/96 onwards are presented using the expense basis of accounting that incorporates the government’s capitalization accounting policies effective March 31, 1999, and are based on the *1998/99 Public Accounts*.

For 1998/99 financial reporting purposes, capitalized tangible assets include: mainframe and mini-computer hardware and software systems, vehicles (including ambulances), micro-computer hardware and software systems, buildings, land acquired for parks and land under buildings, and freshwater ferries and related infrastructure. In the *1998/99 Public Accounts*, no new classes of assets were added, however, minor changes were made to cost valuation thresholds and estimates of asset useful life.

Effective in the 1999/00 fiscal year, the government’s capitalization accounting policy has been extended to include expenditures for highway infrastructure and heavy machinery and equipment, consistent with the recommendations of the provincial Auditor General. This has resulted in the transfer of highway capital assets from the consolidated revenue fund to the BC Transportation Financing Authority. Audited comparative adjustments (using the 1999/00 highway capitalization policies) are not provided in the *1998/99 Public Accounts* or in the *1999 Financial and Economic Review*, but will be published in the 1999/00 publications.

Consolidated Revenue Fund (CRF)	Prior Period Adjustments ¹	1995/96 ²	1996/97 ³	1997/98 ⁴	1998/99	
					Estimates	Actual
(\$ millions)						
Surplus (deficit) excluding effects of capitalization.....		(370)	(368)	(174)	(136)	(561)
Adjustments to include capitalization policy:						
Deduct: cost of capital assets acquired during the year		38	100	119	122	175
Add: amortization/depreciation provision		(24)	(69)	(96)	(81)	(80)
Net adjustment to CRF		14	31	23	41	95
Surplus (deficit) after capitalization.....	299	(356)	(337)	(151)	(95)	(466)

¹ The phase-in of a capitalization accounting policy resulted in prior period adjustments to record net tangible capital assets for prior years. The effect of this change reduced the accumulated net deficiency for prior years by \$299 million. These prior year adjustments consisted of:

- \$164 million reduction to record net tangible capital assets for 1994/95 and prior years, as a result of capitalization changes introduced in 1996/97;
- \$161 million reduction to record net tangible capital assets for 1995/96 and prior years, as a result of changes introduced in 1997/98;
- \$26 million increase to record net tangible capital assets for 1996/97 and prior years, as a result of changes introduced in 1998/99.

² The 1995/96 deficit has not been restated to reflect the effect of capitalization changes introduced in 1997/98 and 1998/99. This effect is recorded as part of the prior period adjustment figure.

³ The 1996/97 deficit has not been restated to reflect the effect of capitalization changes introduced in 1998/99. This effect is recorded as part of the prior period adjustment figure.

⁴ The 1997/98 deficit (before capitalization policy adjustments) has been restated to reflect changes in estimated expenditures and liabilities unrelated to tangible capital assets.

The table on the previous page illustrates the effect of phasing in capitalization accounting policy on the government's surplus (deficit) for 1995/96 to 1998/99. The table shows that excluding the effect of capitalization, the 1998/99 deficit was \$561 million, up \$425 from budget and \$387 million higher than in 1997/98. In addition, the adoption of a capitalization accounting policy resulted in prior-period adjustments to record net tangible capital assets for prior years. These prior-period adjustments reduced the accumulated net deficiency (deficit) by \$299 million. Additional information on the government's capitalization accounting policy is shown in the *1998/99 Public Accounts*.

B. Loans to Finance Capital Assets of Other Entities

The government had, for more than 20 years, accounted for loans to school districts and post-secondary institutions for the acquisition of capital assets by those public bodies, as assets of the province. These loans were made from borrowed funds using certain Crown agencies as financing intermediates.

Prior to 1998/99, grants were provided to school districts, post-secondary institutions, and regional hospital districts, as annual budgetary expenditures in the *Estimates*, to pay the annual interest costs on the debt incurred to make the loans, and to make annual sinking fund installments to the Crown agencies, which over time, together with the earnings for those invested funds, would have been sufficient to repay the debt associated with each loan. The term of the debt was generally 20 years. In this way, the capital costs of schools, post-secondary institutions and health facilities were effectively amortized over the term of the related debt and thus charged to taxpayers over several years, rather than having costs written off and charged to the taxpayer in the year assets were acquired.

In 1995, the Canadian Institute of Chartered Accountants issued a policy statement that loans made by governments, the repayment of which is provided through future appropriations by that government, should not be reported as assets.

In an examination of the *1997/98 Public Accounts*, the Auditor General expressed a reservation on the government's consolidated revenue fund financial statements, regarding the accounting used for certain loans to public sector organizations such as school districts and post-secondary institutions, regional hospital districts and health authorities, and for capital financing to British Columbia Transit.

To address the concerns of the Auditor General, in 1998/99 the provincial government restructured its financing mechanisms for education, health and certain public transit capital expenditures. As a result of legislative changes, the British Columbia School Districts, British Columbia Educational Institutions Capital Financing Authorities and the British Columbia Hospital District Financing Authority were dissolved. All assets and liabilities of the authorities were transferred to the government's consolidated revenue fund. These and other legislative and accounting changes resulted in:

- the release of certain fiscal agency loans owed to the provincial government by school districts, post-secondary institutions, regional health districts and authorities, British Columbia Transit and Rapid Transit Project 2000 Ltd.;
- the assumption of these debts (including their related sinking funds used to retire the debt) and other related debt guarantees by the provincial government; and
- the replacement of these loans and other debt guarantees with prepaid capital advances by the consolidated revenue fund (assets of the CRF). For financial statement reporting purposes, the existing loans and new capital funding provided to these agencies are treated as prepaid capital advances. These advances consist of the unamortized cost of the related underlying capital assets, amortized as an annual operating expense of the consolidated revenue fund based on the estimated useful life of those assets.

The effect of these changes resulted in the reclassification of provincial debt and the removal of the Auditor General's qualification related to these loans. Certain debt previously reported as debt of these agencies is now reported as part of the provincial government's direct capital debt. These changes have been applied prospectively and prior periods have not been restated. They do not affect the total amounts of provincial debt previously reported, only the composition of various categories.

C. Other Restructuring Arrangements

Legislative changes during 1998/99 created the Greater Vancouver Transportation Authority (GVTA) — later renamed TransLink — to assume responsibilities for local transportation in the Lower Mainland from British Columbia Transit and the provincial government. The act provided for the division of existing assets and debt, cost-sharing for new assets, and on-going self-funding powers for the GVTA. Effective March 31, 1999, the GVTA assumed a portion of existing British Columbia Transit debt related to operations in the Lower Mainland. Future debt financing to the GVTA will be provided by the Municipal Finance Authority of British Columbia (MFA), which operates independent of the provincial government. The effect of this change reduced provincial net debt by \$508 million at March 31, 1999.

The provincial government will continue to make contributions for major transportation projects in the region. Beginning in 1999/00, the provincial government will reduce its contribution to British Columbia Transit, which has retained responsibility for the operations and debts of the Victoria and other municipal transit systems, and will instead transfer a portion of provincial fuel and sales tax revenue to the GVTA.

Concurrent with the transfer of local transportation responsibilities to the GVTA, the provincial government assumed responsibility for all debt of the Greater Vancouver Regional Hospital District (GVRHD), including that portion previously the responsibility of taxpayers within the Greater Vancouver Regional District. This debt is now reported as part of the provincial government's direct capital debt and the government will pay the financing costs previously covered by the local property tax. Revenue raised from the local property tax will now be used to fund GVTA transit responsibilities. This change did not affect the amount of provincial net debt.

The local share of debt for regional hospital districts is the responsibility of local taxpayers and is financed through local property taxes. Effective March 31, 1999, the MFA assumed responsibility for this debt on behalf of the regional hospital districts (except for the GVRHD, whose debt is now assumed by the provincial government). The effect of this change reduced provincial debt by \$192 million at March 31, 1999.

These changes have been applied prospectively and prior periods have not been restated.

D. Sinking Fund Earnings

In the *1998/99 Public Accounts*, figures for 1997/98 and prior years have been restated to reflect a change in accounting policy with respect to earnings of sinking funds held for government direct operating debt. These amounts are reported as deductions from related direct operating debt interest expense. Previously, these amounts were reported as revenue. This change does not affect the annual reported deficit figures.

E. Changes in Accounting Classifications of Crown Corporations and Agencies

The government's interests in partnerships, other than government business partnerships, are now recorded on a proportional consolidation basis. The impact of this change is that the government proportionally consolidated its partnership in the Canadian Blood Services, created in 1998/99, which increased the summary accounts assets and liabilities, but had no impact on the reported summary accounts deficit.

In 1998/99, the government changed its accounting treatment of the B.C. Community Financial Services Corporation and the British Columbia Assets and Land Corporation from a modified equity basis to the fully consolidated basis. This change has no effect on the 1997/98 or 1998/99 summary account deficits.

Unfunded Pension Liabilities

As noted in Chapter 2, the provincial government's other liabilities include the unfunded portion of pension liabilities associated with certain pension funds it administers. These liabilities are reflected in the government's financial statements and changes occur primarily as a result of new actuarial valuations undertaken by independent actuaries at periodic intervals (usually every three years).

Factors of an actuarial valuation that may give rise to a change in the unfunded liability include plan benefit payment experience; fund investment returns; changes to benefits or contribution rates; changes to actuarial assumptions (e.g. projected life expectancies/mortality rates of plan beneficiaries); and the expected average remaining service life (EARSLS) of associated employee groups — the number of years an average employee has until retirement. Consistent with government accounting policy, changes to an unfunded liability resulting from an actuarial review are amortized as annual increases or reductions to provincial government expenditures over the EARSLS of the associated employee group.

The following table provides details of the latest actuarial estimates of unfunded pension plan liabilities or surpluses based on *Public Accounts* information.

Pension Plan	Actuarial Valuation Liability (Surplus)		Public Accounts Information		
	Initial Valuation	Latest Valuation	Accounting Liability March 31, 1998	Annual ¹ Amortization	Accounting Liability March 31, 1999
	(\$ millions)		(\$ millions)		
Public Service ²	438	(209) ³	288	(38)	250
MLA Superannuation ²	7	7	7	—	7
Provincial 70%-Share of Municipal Superannuation ⁴ ..	740	208	743	(50)	693
Teachers' ⁵	1,779	1,420	1,750	(28)	1,722
	2,964	1,426	2,788	(116)	2,672
Colleges ⁶	(32)	(129)	n/a	n/a	n/a
Total	2,932	1,297	2,788	(116)	(2,672)

¹ The total annual amortization of \$116 million is included as a reduction to provincial government expenditure in Chapter 2, Table 2.4.
² Initial valuation date: March 31, 1990. Latest valuation date: March 31, 1996. Next valuation date: March 31, 1999. The MLA Superannuation Account is based on estimates, as actuarial valuations are not required.
³ The surplus is not amortized as part of the reduction to the pension liability. In accordance with legislative provisions, the surplus is refunded annually to employers over a 15-year period.
⁴ Initial valuation date: December 31, 1991. Latest valuation date: December 31, 1997. Next valuation date: December 31, 2000.
⁵ Initial valuation date: December 31, 1993. Latest valuation date: December 31, 1996. Next valuation date: December 31, 1999.
⁶ Initial valuation date: August 31, 1994. Latest valuation date: August 31, 1997. Next valuation date: August 31, 2000. The College Pension Plan surplus is not recorded in the provincial government's accounts.

Net unfunded pension liabilities for the major public sector pension plans administered by the provincial government totaled \$1.3 billion as of March 31, 1999, down over \$1.6 billion since the initial valuation dates in the early 1990's. All of the major pension plans have shown a significant reduction in unfunded liabilities. The most recent change occurred in the Municipal Superannuation Plan, where the province's 70 per cent share of the unfunded liability was reduced by \$532 million in the latest actuarial valuation. Other changes occurred in the Public Service Pension Plan, which evolved from a \$438 million unfunded liability in 1990 to a \$209 million surplus in 1996, and in the Teachers' Pension Plan where the unfunded liability has shown a \$359 million decline since 1993. Most of the improvements have been due to higher fund investment returns, experience gains and lower inflation.

Glossary of Terms¹

Assets — are financial claims of the government upon outside parties and items held for resale. Financial assets include cash and temporary investments; accounts receivable; investments in and amounts due from government organizations and enterprises; inventories, loans, advances and other investments; mortgages receivable; fiscal agency loans issued for the purchase of assets and recoverable from agencies; prepaid expenses or deferred charges; prepaid capital advances; and other assets.

Non-financial assets include fiscal agency loans issued for the purchase of assets that are recoverable only through future government funding to government organizations. They are not considered financial assets because they cannot be used either to discharge liabilities or to provide a source of funds to finance future government operations. This category also includes tangible capital assets acquired or constructed. Assets that are not capitalized under the government's accounting policy are reported at a nominal value of \$1.

Capitalization — the process of replacing, in the government's annual budgetary expenditures, amounts used to acquire tangible capital assets with amortization/depreciation expenses associated with those assets.

Cash and Temporary Investments — include investments and short-term interest-bearing deposits held to meet the day-to-day obligations of the government.

Consolidated Revenue Fund — at March 31, 1999, the consolidated revenue fund consisted of the general fund (including special accounts) and the natural resource community fund (see Chart A2.2).

Debt per Capita — the ratio of debt to total population (e.g. 1998/99 debt divided by population at July 1, 1998).

Debt to GDP — the ratio of debt outstanding at fiscal year end to provincial nominal gross domestic product (GDP) for the calendar year ending in the fiscal year (e.g. 1998/99 debt divided by GDP for 1998).

Dedicated Revenue — represents amounts collected by the government on behalf of, and transferred to, government organizations. British Columbia Transit, the BC Transportation Financing Authority, Forest Renewal BC and Tourism British Columbia received dedicated revenue in 1998/99.

Defeased Trust Funds — are investments set aside to repay outstanding debt, where the government has certified that there are sufficient funds to finance interest payments and principal repayments over the remaining term of the debt issue. Defeased debt is considered extinguished for financial reporting purposes and is, therefore, removed from the balance sheet.

Deficit — represents the excess of expenditure over revenue for a given period.

Deferred Revenue — amounts received prior to the government's fiscal year-end that will be earned and recorded as revenue in future years.

Direct Debt for Government Purposes — consists of funds borrowed by the government to meet its direct financial requirements or to facilitate cash management, and to provide capital financing for education, health and public transit initiatives. In the *Public Accounts*, this is referred to as public debt used for government operating purposes.

Expenditure — consists of obligations incurred by the government for goods, services and grants during the fiscal year. Under the government's accounting policy, expenditure is recorded when an obligation is incurred rather than when a cash payment is made. Under the government's capitalization accounting policy, costs of acquiring or constructing certain capital assets are not recorded as expenditures, but are capitalized and amortized over the useful life of the assets. Those assets not capitalized become expenditures in the year of acquisition.

¹ Further information regarding the terms used in the government's financial statements is available in the *1998/99 Public Accounts*.

Expenditure Basis — the accounting basis where expenditures for tangible capital assets are not capitalized but charged as annual expenditures on a “pay-as-you-go” basis.

Expenditure by Function — a system of classifying provincial government expenditures according to the type of service provided. Similar services, which are provided by different ministries, are grouped together into classifications called functions.

Expense Basis — the accounting basis where expenditures for tangible capital assets are capitalized, or removed from the expenditure accounts, and replaced with amortization/depreciation expenses associated with those assets.

Financing and Working Capital Transactions — represent either a source or use of funds and are not considered to be revenue or expenditure. These transactions do not cause a change in the annual surplus (deficit) but only a change in the composition of assets and liabilities. For example, when a loan is made to an individual or firm, the cash balances of the government decline while the balance of loans receivable increases. When the loan is repaid, cash balances increase while loans receivable decrease.

Fiscal Agency Debt — consists of funds borrowed by the provincial government with proceeds re-lent to government organizations. Because government organizations are responsible for debt servicing costs and repayment of principal, the liability arising from government borrowing on behalf of these bodies is matched by the assets (fiscal agency loans) created when the funds are re-lent to government organizations. In the *Public Accounts*, this debt is referred to as public debt used for loans under the fiscal agency loan program.

Fiscal Year — the provincial government’s financial year, which runs from April 1 to March 31.

General Fund — is the operating account of the provincial government and includes special accounts (see Chart A2.2). Operating, financing and working capital transactions occur within the general fund. Operating transactions include direct expenditure on goods and services; transfer payments and grants; revenue from taxation, royalties, fees, licences and other sources; contributions from government enterprises and the federal government; and transfers from other funds.

Gross Domestic Product (Nominal GDP) — is the value of goods and services produced within the province measured in current dollars. For example, nominal GDP in British Columbia is estimated at \$108.3 billion in 1998 (measured in 1998 dollars).

Gross Domestic Product (Real GDP) — is equal to the value of goods and services produced in British Columbia’s economy adjusted for inflation. It is the broadest measure of economic activity and is frequently used to compare the performance of national and provincial economies. The annual percentage change in real GDP is the most often used indicator of economic growth. For example, provincial real GDP in 1998 is estimated at \$98 billion (measured in 1992 dollars). As this is a 0.5 per cent decrease from 1997, the British Columbia economy is therefore estimated to have had –0.5 per cent real growth in 1998.

Guaranteed Debt — consists of borrowing by Government organizations and enterprises, local governments, private-sector firms and individuals for which principal and interest are guaranteed or indemnified by the provincial government.

Infrastructure — includes roads, water and sewer services, ferry and transit systems, schools, hospitals, universities/colleges and other capital works.

Interest Bite — how much of each dollar of provincial revenue (including Crown corporations and agencies) is used to pay for debt interest costs.

Liabilities — are claims payable by the government to outside parties including accounts payable and accrued liabilities; amounts due to government organizations and enterprises; deferred revenue; and public debt issued for government purposes and to finance the fiscal agency loan program. Liabilities also include provisions for certain contingent liabilities such as probable losses on loan guarantees issued by the government, estimated costs to reclaim contaminated Crown land, and certain unfunded pension liabilities.

Long-term Debt — are debt obligations issued in domestic or international markets with maturity periods of 1 to 40 years.

Medium-term Notes — are Canadian or U.S. dollar debt obligations with maturity periods of 1 to 40 years and with an average issue size of \$25 to \$250 million. Medium-term notes are considered to be long-term debt.

Natural Resource Community Fund — established effective April 1, 1992, this special fund provides funding for resource-dependent communities experiencing economic difficulties. Under legislation, a share of the provincial government's natural resource revenue is transferred to the fund each year.

Net Assets (Net Liabilities) — represent the excess of the provincial government's financial assets over its liabilities. Net liabilities result if liabilities exceed financial assets. Financial assets are described in the definition of assets.

Net Equity (Net Deficiency) — net equity is the excess of financial and non-financial assets over liabilities of the provincial government. A negative net equity is referred to as net deficiency. The provincial government's annual deficit (surplus) causes a corresponding increase (decrease) in net deficiency.

Non-Guaranteed Debt — are debt obligations of provincial government organizations and enterprises that are not guaranteed by the provincial government.

One-time Accounting Adjustments — include adjustments to revenue and expenditure that occur infrequently and may result from changes to accounting policy. Although these adjustments can relate to several fiscal years, they may be recorded in a single year because of difficulties in allocating them to individual years. One-time adjustments are sometimes excluded when making year-over-year comparisons as they may distort trends.

Operating Transactions — include revenue and expenditure transactions of the provincial government, reported according to government's accounting policies.

Prepaid Capital Advances — prepaid capital advances are provided to school districts, post secondary educational institutions, health organizations and other specified government organizations to fund capital asset acquisitions. The province has an on-going claim on the assets of these organizations. The prepaid capital advances are amortized over the useful life of the assets funded.

Revenue — consists of money earned by the government from taxation, resource levies, the sale of goods and services, fees and licences, fines and penalties, investment income, profits from sales of liquor and lotteries, dividends from government enterprises, and contributions arising from agreements with other governments. With a few exceptions, the government's accounting policy reports revenue when earned rather than when received.

Self-supporting Debt — includes the debt of government enterprises, which generate sufficient revenue from commercial sales of goods and services to cover their debt interest costs and principal repayments. These corporations and agencies do not receive provincial assistance and may pay dividends to the provincial government. It also includes debt of the warehouse borrowing program.

Short-term Debt — includes short-term promissory notes (commercial paper) with a maturity period of 365 days or less.

Sinking Funds — are funds set aside to provide for the orderly repayment of debt. The provincial government and its organizations establish sinking funds for most debt issued with terms of five years or more. In the government's financial statements, sinking funds are deducted from gross debt to yield net debt outstanding. On June 1, 1999, the provincial government discontinued sinking fund contributions on existing and new debt issued for direct government operating and capital financing purposes. Despite this change, British Columbia continues to have one of the most conservative sinking fund policies for Crown corporations and agencies in Canada.

Special Accounts — consist of statutory appropriations established by the legislature to fund specific programs, which may extend over several fiscal years. Examples include the Crown land special account and the Small Business Forest Enterprise Program special account. Revenue and expenditure of special accounts form part of the provincial government's general fund (see Chart A2.2).

Special Funds — provide statutory authority to spend money that has been earmarked for specific purposes. All revenue, expenditure, assets, liabilities and net equity of special funds are included as part of the provincial government's consolidated revenue fund (see chart A2.2). In 1998/99, there was only one special fund, the Natural Resource Community Fund.

Surplus — represents the excess of revenue over expenditure for a given period.

Structural Deficit — represents the budget balance (revenue less expenditure) adjusted for effects of economic fluctuations. A budget deficit can be divided in two parts. The cyclical part of the deficit is caused by changes in economic conditions. The other part is the underlying structural deficit — the deficit that would exist if employment and economic output were at their normal or average levels. For example, when the economy is growing at less than its normal rate, expenditures on social programs tend to be higher than average, while revenues, such as corporation income tax, are lower than average. A return to normal economic conditions after a period of below-average economic growth will eliminate the cyclical part of the deficit but will not eliminate the structural part.

Taxpayer-supported Debt — includes direct debt incurred for government operating and capital financing purposes, and debt of government organizations that generally require either a debt service subsidy from the provincial government or dedicated revenue.

Total Provincial Debt — the sum of the province's taxpayer-supported and self-supporting debt, including provincially guaranteed debt of government organizations and enterprises, other guarantees (e.g. student loan guarantees) and non-guaranteed debt (e.g. non-guaranteed mortgages of provincial government organizations and enterprises).

Trust Funds — include funds held and administered by the government for third parties and not subject to appropriation by the legislature. These funds include trust deposits, superannuation and pension funds, sinking/defeased funds and other miscellaneous trust funds.

Valuation Allowances — consist of provisions for doubtful collections of loans; probable payments of loan guarantees, and provisions for reduction in the value of investments. Under the government's accounting policy, annual changes in these valuation allowances are recorded as expenditure adjustments except for allowances for doubtful revenue accounts, which are deducted from revenue rather than recorded as expenditure.

Warehouse Borrowing Program — to take advantage of market opportunities, government may borrow money in advance of actual requirements. These funds are invested until the province or its organizations require them.

Dedicated Revenues Collected on Behalf of Crown Corporations and Agencies

The government includes, in its financial statements, information on the amounts of revenue collected on behalf of, and transferred to, Crown corporations and agencies. The summary of operating and financing transactions shown in Chapter 2 (see Table 2.1) and in this appendix (see Appendix Table A2.2) provide summary totals of these amounts. Table 2.1 and Table A2.2 show that in 1998/99 amounts collected on behalf of, and transferred to, Crown corporations and agencies totalled \$422 million, a decrease of \$287 million from 1997/98. The decrease from the previous year was mainly due to a lower transfer of dedicated revenue to Forest Renewal BC as a result of lower stumpage and royalty revenues. Also, beginning in 1998/99, \$6 million of oil and gas royalties and pipeline fees were dedicated to the Oil and Gas Commission.

Details on the amounts of revenue collected on behalf of, and transferred to, government organizations for the last five years ending March 31 are shown in the following table.

Fiscal Year Ended March 31	1995	1996	1997	1998	1999
	\$ millions				
British Columbia Transit ¹	79.2	87.0	81.8	87.2	94.2
BC Transportation Financing Authority (BCTFA) ²	60.4	62.3	62.5	118.6	123.9
Forest Renewal BC ³	454.9	451.7	485.3	482.8	177.4
Tourism British Columbia ⁴	—	—	—	19.9	20.5
Oil and Gas Commission ⁵	—	—	—	—	5.7
Total dedicated revenue	<u>594.5</u>	<u>601.0</u>	<u>629.6</u>	<u>708.5</u>	<u>421.7</u>

¹ Includes motor fuel tax collected in the Vancouver and Victoria regional transit service areas. The Vancouver area tax rate is 4 cents/litre on clear and motive fuel; the Victoria area tax rate is 2.5 cents/litre (increased from 1.5 cents/litre on July 1, 1997).

² Includes motor fuel tax and a sales tax on short-term rentals of passenger vehicles. The BCTFA share of fuel tax is 2 cents/litre on clear and motive fuel (increased from 1 cent/litre on July 1, 1997).

³ Includes incremental stumpage and royalty revenue resulting from changes to rate policies introduced under the provincial government's Forest Renewal Plan on and after May 1, 1994.

⁴ Includes a 1.65 per cent share of the revenue raised from the 8 per cent provincial hotel room tax.

⁵ Includes fees and levies appropriated under the *Oil and Gas Commission Act*.

Financial Statements for the Fiscal Year Ended March 31, 1999

The tables in this appendix include financial information of the Government of British Columbia for the year ended March 31, 1999. They summarize the operating results of the consolidated revenue fund and are based on financial statements prepared by the Office of the Comptroller General from the accounts of the government.

**Table A2.1 Balance Sheet
Consolidated Revenue Fund
As at March 31¹**

	1995	1996	1997	1998	1999
ASSETS					
	(\$ millions)				
Cash and temporary investments.....	215.4	61.4	82.6	372.5	74.4
Warehouse program investments.....	—	895.2	100.0	211.5	657.8
Accounts receivable.....	2,045.4	2,061.8	2,669.5	2,354.2	2,247.9
Inventories.....	40.1	41.5	40.7	41.5	37.6
Amounts due from other governments.....	560.1	630.0	142.0	203.0	248.3
Investments in and amounts due from Crown corporations and agencies.....	746.4	669.6	884.9	1,033.4	1,068.2
Loans and advances.....	162.9	156.9	189.5	192.1	254.5
Other investments.....	575.0	151.8	184.5	206.1	197.9
Loans for purchase of assets, recoverable from agencies...	8,340.6	9,654.0	10,333.0	10,750.2	11,253.3
Other assets.....	150.1	139.0	178.4	186.7	243.0
Prepaid capital advances ²	—	—	—	—	7,404.9
Loans for purchase of assets, recoverable from future appropriations.....	4,493.0	5,068.7	5,496.0	5,754.1	—
Tangible capital assets ³	—	178.1	370.5	379.9	456.1
	<u>17,329.0</u>	<u>19,708.0</u>	<u>20,671.6</u>	<u>21,685.2</u>	<u>24,143.9</u>
LIABILITIES AND NET EQUITY					
Accounts payable and accrued liabilities.....	2,593.2	2,339.3	2,359.5	2,315.2	2,384.9
Due to other governments.....	254.1	203.1	202.8	224.2	141.6
Due to Crown corporations, agencies and funds.....	288.3	318.1	315.1	332.9	170.3
Deferred revenue.....	360.9	390.8	435.9	462.0	392.4
Unfunded pension liabilities.....	2,913.5	2,888.6	2,862.4	2,788.2	2,671.9
Public debt used for warehouse program purposes.....	—	895.2	100.0	211.5	657.8
Public debt issued for government operating purposes.....	10,181.1	10,237.1	11,030.5	11,488.0	12,190.3
Public debt issued for capital financing purposes ²	—	—	—	—	6,999.0
Public debt used for loans under the fiscal agency loan program ²	12,835.4	14,724.6	15,829.6	16,504.7	11,253.3
	<u>29,426.5</u>	<u>31,996.8</u>	<u>33,135.8</u>	<u>34,326.7</u>	<u>36,861.5</u>
Net equity (deficiency) ^{2,4}	<u>(12,097.5)</u>	<u>(12,288.8)</u>	<u>(12,464.2)</u>	<u>(12,641.5)</u>	<u>(12,717.6)</u>
	<u>17,329.0</u>	<u>19,708.0</u>	<u>20,671.6</u>	<u>21,685.2</u>	<u>24,143.9</u>
GUARANTEED DEBT²	<u>3,899.1</u>	<u>2,721.1</u>	<u>2,042.1</u>	<u>1,640.2</u>	<u>556.4</u>
TRUST FUNDS	<u>32,165.0</u>	<u>37,025.0</u>	<u>41,469.0</u>	<u>46,988.0</u>	<u>50,391.0</u>

¹ Based on data contained in the annual *Public Accounts*. For comparative purposes, figures for previous years have been restated to be consistent with the presentation used in 1998/99, and with the government's accounting policies in effect March 31, 1999.

² Certain 1998/99 fiscal agency loans and guaranteed debt have been replaced by prepaid capital advances. This resulted in a 1998/99 equity adjustment which reduced the accumulated deficit by \$390 million. As this change was introduced prospectively, prior years have not been restated (see Appendix 2 — Accounting Changes Effective in 1998/99).

³ The government changed its accounting policy in 1995/96 to include the capitalization and depreciation of certain tangible capital assets of the consolidated revenue fund. 1995/96 figures reflect a prior period adjustment of \$164 million to record net tangible capital assets for 1994/95 and prior years. In 1997/98 and 1998/99 the categories of capitalized assets were expanded. 1996/97 figures reflect a prior period adjustment of \$161 million to record net tangible capital assets for 1995/96 and prior years. 1997/98 figures include a prior period adjustment of \$26 million to record net capital asset changes for 1996/97 and prior years. Each of these prior period adjustments reduced the accumulated deficiency.

⁴ Changes in the net deficiency between fiscal years reflect the annual surpluses (deficits) recorded for the period, plus any prior period adjustments. An annual deficit increases the net deficiency, while a surplus reduces the net deficiency. For example, the \$76 million increase in net deficiency between 1998 and 1999 is equal to the annual deficit of \$466 million as shown in Table A2.2, partially offset by the \$390-million prepaid capital advance adjustment described in note 2 above.

**Table A2.2 Summary of Operating and Financing Transactions
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹**

	1995	1996	1997	1998 ²	1999
			(\$ millions)		
Gross revenue	20,100.8	20,298.8	20,755.2	20,924.4	20,727.8
Less: Dedicated revenue transferred to Crown corporations and agencies ³	(594.5)	(601.0)	(629.6)	(708.5)	(421.7)
Net revenue	19,506.3	19,697.8	20,125.6	20,215.9	20,306.1
Expenditure	19,952.8	20,053.6	20,462.7	20,366.8	20,771.7
Surplus (deficit)	(446.5)	(355.8)	(337.1)	(150.9)	(465.6)
Net receipts (disbursements) from financing and working capital transactions	272.3	145.8	(435.1)	(16.7)	(534.8)
Decrease (increase) in cash and temporary investments ⁴	250.2	154.0	(21.2)	(289.9)	298.1
Net (increase) decrease in government direct debt ⁵	76.0	(56.0)	(793.4)	(457.5)	(702.3)

¹ Figures are based on information in the 1998/99 *Public Accounts*. For comparative purposes, figures for earlier years have been restated to reflect the government's accounting policies effective March 31, 1999. Revenue and expenditure have been restated to report sinking funds earnings as a deduction from expenditure. Previously, these earnings were reported as revenue. The deficit is unchanged by this accounting policy change. Further information is shown in Appendix 2 — Accounting Changes Effective in 1998/99.

² Figures have been restated to reflect the phasing in of an accounting policy with respect to the capitalization of tangible capital assets. The effect of this change reduces 1997/98 expenditure and the deficit by \$1.5 million.

³ Includes dedicated revenue collected on behalf of, and transferred to, British Columbia Transit, BC Transportation Financing Authority, Forest Renewal BC, Tourism British Columbia and the Oil and Gas Commission.

⁴ Financing and working capital transactions represent either a source or use of funds, such as the payment or collection of loans and accounts payable/receivable, or non-cash transactions including allowances for doubtful accounts. They do not cause a change in the annual surplus (deficit) but only a change in the composition of the government's assets and liabilities.

⁵ Includes direct debt incurred for government operating purposes and does not include direct capital financing debt or debt incurred by, or on behalf of, Crown corporations and agencies.

**Table A2.3 Expenditure Appropriations
Consolidated Revenue Fund
For the Fiscal Year Ended March 31, 1999¹**

	Budget Estimate 1998/99 ²	Other Authorizations	Total Authorizations	Actual 1998/99	Net Under Expenditure ³
	(\$ millions)				
Legislation.....	32.0				
Operations — statutory.....		3.1	35.1	35.1	—
Auditor General.....	6.9	—	6.9	6.6	0.3
Office of the Child, Youth and Family Advocate.....	1.2	—	1.2	1.1	0.1
Conflict of Interest Commissioner.....	0.2	—	0.2	0.2	—
Elections B.C.....	7.0				
Operations — statutory.....		0.4	7.4	7.4	—
Information and Privacy Commissioner.....	2.5	—	2.5	2.3	0.2
Ombudsman.....	4.7				
Capitalization/amortization — statutory.....		0.1	4.8	4.7	0.1
Office of the Premier.....	2.3	—	2.3	2.3	—
Aboriginal Affairs.....	31.4	—	31.4	28.7	2.7
Advanced Education, Training and Technology.....	1,664.0				
Capitalization/amortization — statutory.....		1.6			
Debt servicing costs — statutory.....		0.4			
Valuation allowance — statutory.....		0.1	1,666.1	1,663.9	2.2
Agriculture and Food.....	62.5				
Capitalization/amortization — statutory.....		0.8	63.3	61.6	1.7
Attorney General.....	891.9				
<i>Crown Proceeding Act</i>		29.3			
<i>Emergency Program Act</i>		5.0			
Electoral Boundaries Commission.....		2.3			
<i>Criminal Injury Compensation Act</i>		1.4			
Capitalization/amortization — statutory.....		1.1			
<i>Inquiry Act</i>		1.1			
Inmate work program — statutory.....		(0.5)	931.6	929.2	2.4
Children and Families.....	1,427.4				
Operations — special warrant.....		45.0			
Operations expenditure underrecovery — statutory.....		4.3	1,476.7	1,476.6	0.1
Education.....	4,262.4				
Capitalization/amortization — statutory.....		(1.1)	4,261.3	4,250.9	10.4
Employment and Investment.....	135.4				
Valuation allowance.....		0.7			
Williston reservoir compensation.....		0.4			
Capitalization/amortization — statutory.....		(0.1)	136.4	130.7	5.7
Energy and Mines.....	61.9				
Capitalization/amortization — statutory.....		0.2			
Interest on revenue refunds.....		0.1	62.2	55.8	6.4
Environment, Lands and Parks.....	186.5				
Crown Land special account.....		86.8			
Capitalization/amortization — statutory.....		(81.9)	191.4	180.4	11.0
Finance and Corporate Relations.....	395.1				
Capitalization/amortization — statutory.....		4.1			
Valuation allowance.....		3.5			
Interest on revenue refunds.....		1.4			
<i>Unclaimed Money Act</i>		0.3	404.4	401.2	3.2
Fisheries.....	19.9	—	19.9	19.9	—
Forests.....	486.9				
Forest fire suppression — statutory.....		117.9			
Small Business Forest Enterprise Program.....		(4.5)			
Capitalization/amortization — statutory.....		2.7			
Interest on revenue refunds.....		0.3	603.3	592.5	10.8

**Table A2.3 Expenditure Appropriations
Consolidated Revenue Fund
For the Fiscal Year Ended March 31, 1999¹ — Continued**

	Budget Estimate 1998/99 ²	Other Authorizations	Total Authorizations	Actual 1997/98	Net Under Expenditure ³
	(\$ millions)				
Health.....	7,241.7				
Operations — special warrant.....		124.5			
Medical and Health Care Services special account — statutory appropriation.....		20.0			
Capitalization/amortization — statutory.....		(2.4)	7,383.8	7,383.4	0.4
Human Resources.....	1,563.3				
Operations expenditure underrecovery — statutory.....		1.7			
Capitalization/amortization — statutory.....		(1.3)	1,563.7	1,563.7	—
Labour.....	49.9				
Capitalization/amortization — statutory.....		(0.3)	49.6	49.5	0.1
Municipal Affairs.....	241.4				
Home owner grants.....		3.1			
University Endowment Lands special account — statutory Capitalization/amortization — statutory.....		0.2 (0.2)	244.5	222.6	21.9
Small Business, Tourism and Culture.....	85.3				
Valuation allowance.....		4.4			
Capitalization/amortization — statutory.....		0.9	90.6	86.0	4.6
Transportation and Highways.....	470.7				
Capitalization/amortization — statutory.....		0.8	471.5	467.5	4.0
Women's Equality.....	37.4				
Capitalization/amortization — statutory.....		0.2	37.6	37.4	0.2
Other Appropriations:					
Management of Public Funds and Debt.....	880.0	—	880.0	838.1	41.9
Contingencies (All Ministries).....	75.0	—	75.0	63.0	12.0
BC Benefits.....	244.4				
Statutory appropriation.....		20.8	265.2	265.2	—
Corporate Accounting System.....	10.6	—	10.6	10.5	0.1
Environmental Assessment and Land Use Coordination....	15.7	—	15.7	15.3	0.4
Environmental Boards and Forest Appeals Commission....	2.1	—			
Capitalization/amortization — statutory.....		(0.1)	2.0	1.2	0.8
Forest Practices Board.....	5.3				
Capitalization/amortization — statutory.....		(0.1)	5.2	4.6	0.6
Police Complaints Commissioner.....	0.8	—	0.8	0.8	—
Public Sector Employers' Council.....	3.3	—	3.3	3.0	0.3
Public Service Employee Relations Commission.....	11.1	—	11.1	10.4	0.7
Insurance and Risk Management special account.....	8.8				
Claims.....		5.9	14.7	14.7	—
Purchasing Commission Working Capital special account Capitalization/amortization — statutory.....	12.1	(9.1)	3.0	0.3	2.7
Industry Training and Apprenticeship special account.....	0.3				
Capitalization/amortization — statutory.....		(0.1)	0.2	(0.3)	0.5
Amortization of change in unfunded pension liability.....	(64.3)				
Statutory appropriation.....		(52.0)	(116.3)	(116.3)	—
Adjustment for capitalization of tangible capital assets.....	(41.0)				
Capitalization/amortization charged to ministries.....		41.0	—	—	—
TOTAL.....	20,536.0	384.2	20,920.2	20,771.7	148.5

¹ Figures based on 1998/99 Public Accounts information.

² Actual figures for 1997/98 and budget figures for 1998/99 have been restated to reflect the government's organization effective March 31, 1999. Actual ministry expenditures for 1998/99 include an adjustment to recognize capitalization of tangible assets. However, comparative ministry budget estimates are not available as the 1998/99 Estimates included a single government-wide estimate only.

³ Total authorizations less actual.

Table A2.4 Revenue by Source
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹

	1995	1996	1997	1998	1999
(\$ millions)					
Taxation Revenue					
Personal income	4,707.2	4,993.1	5,289.8	5,362.0	5,423.0
Corporation income	997.8	1,225.2	1,347.3	1,137.7	1,097.7
Social service	2,884.4	2,999.6	3,076.3	3,243.2	3,209.2
Fuel	666.7	678.4	688.1	641.6	653.5
Tobacco	516.6	482.3	487.9	485.9	505.1
Property — residential (school purpose) ²	469.6	480.5	493.1	502.1	511.3
Property — business (school purpose)	690.0	701.6	701.8	734.4	763.7
Property — rural area	52.0	63.3	62.3	62.0	61.0
Property transfer	339.2	266.1	313.3	310.3	222.6
Corporation capital	399.6	380.2	402.9	406.2	455.2
Insurance premium	156.7	175.7	168.6	176.0	195.2
Hotel room ³	76.0	81.7	87.6	74.3	79.5
Horse racing	6.7	6.2	5.1	4.4	3.8
	<u>11,962.5</u>	<u>12,533.9</u>	<u>13,124.1</u>	<u>13,140.1</u>	<u>13,180.8</u>
Less commissions on collection of public funds	(25.6)	(24.3)	(24.9)	(24.1)	(23.8)
Less allowance for doubtful accounts	—	—	(5.4)	(12.8)	(23.3)
Total taxation revenue	11,936.9	12,509.6	13,093.8	13,103.2	13,133.7
Natural Resource Revenue					
Petroleum and Natural Gas					
Natural gas royalties	130.8	94.1	173.4	155.6	190.7
Permits and fees	219.5	168.1	205.8	214.0	109.3
Petroleum royalties	49.8	52.7	74.3	76.9	62.2
	<u>400.1</u>	<u>314.9</u>	<u>453.5</u>	<u>446.5</u>	<u>362.2</u>
Minerals	<u>65.5</u>	<u>77.5</u>	<u>47.2</u>	<u>51.8</u>	<u>43.9</u>
Forests					
Timber sales	1,031.0	871.5	1,019.3	968.2	815.0
Small Business Forest Enterprise Program	374.8	312.6	323.1	317.9	209.2
Logging tax	69.1	134.1	40.4	13.5	13.3
Other forests revenue	24.0	29.7	25.1	64.7	55.3
	<u>1,498.9</u>	<u>1,347.9</u>	<u>1,407.9</u>	<u>1,364.3</u>	<u>1,092.8</u>
Water resources	261.8	267.7	264.1	321.9	322.3
Wildlife Act — fees and licences	18.6	19.0	13.8	14.4	14.4
	<u>280.4</u>	<u>286.7</u>	<u>277.9</u>	<u>336.3</u>	<u>336.7</u>
Less commissions on collection of public funds	(1.1)	(1.1)	(1.0)	(1.1)	(1.1)
Less allowance for doubtful accounts	—	—	—	(0.6)	(5.0)
Total natural resource revenue	2,243.8	2,025.9	2,185.5	2,197.2	1,829.5
Other Revenue					
Fees and Licences					
Medical Services Plan premiums	805.2	822.4	853.3	881.8	876.0
Motor vehicle licences and permits	306.1	326.3	321.9	316.3	328.6
Ministry of Attorney General fees	84.0	82.8	95.5	95.4	105.8
Real estate earnings of the Crown Land special account	54.9	28.8	36.8	34.8	44.3
Coquihalla highway tolls	36.9	37.6	38.0	38.8	38.9
Registry Agency fees	34.1	34.4	35.8	36.7	36.0
Vital Statistics Agency fees	8.4	8.7	9.4	9.9	10.1
Ministry of Health fees	21.8	21.4	20.3	23.6	23.3
Provincial Treasury Operations and Insurance and Risk Management special accounts	25.8	21.7	21.4	26.2	26.5
Safety inspection fees	16.9	16.3	16.1	17.2	15.9
Waste management fees	10.8	12.8	15.7	13.2	12.5
Public gaming licences and permits	14.6	15.3	16.8	17.8	6.0
Securities Commission special account	14.6	—	—	—	—
Fire Services Act	9.5	8.6	11.0	11.5	—
Property tax collection fees	4.9	5.8	6.4	6.2	6.6



Table A2.4 Revenue by Source
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹ — Continued

	1995	1996	1997	1998	1999
	(\$ millions)				
Financial Institutions Commission	6.7	6.6	6.5	5.9	2.2
Other fees and licences	37.5	32.7	34.8	56.5	35.9
	1,492.7	1,482.2	1,539.7	1,591.8	1,568.6
Less commissions on collection of public funds	(25.9)	(24.7)	(41.9)	(72.5)	(51.3)
Less allowance for doubtful accounts	(2.5)	(7.1)	(16.5)	(19.2)	(33.5)
	1,464.3	1,450.4	1,481.3	1,500.1	1,483.8
Investment earnings ⁴	27.3	49.2	50.4	47.6	51.0
British Columbia Endowment Fund ⁵	80.2	27.7	—	—	—
Miscellaneous					
Fines and penalties	84.7	77.6	76.9	100.9	112.0
Maintenance of children	27.3	18.7	12.6	16.8	10.0
Insurance claim receipts	25.0	25.2	22.0	22.2	13.6
Other miscellaneous	129.0	156.1	106.2	91.6	101.6
	266.0	277.6	217.7	231.5	237.2
Less commissions on collection of public funds	—	(0.5)	(3.0)	(3.7)	(3.6)
Less allowance for doubtful accounts	(2.6)	(3.8)	(3.1)	(0.2)	(0.1)
	263.4	273.3	211.6	227.6	233.5
Asset dispositions ⁶	—	—	—	24.0	63.1
Total other revenue	1,835.2	1,800.6	1,743.3	1,799.3	1,831.4
Contributions from Government Enterprises					
Liquor Distribution Branch ⁷	568.5	567.1	587.8	609.3	615.6
British Columbia Hydro and Power Authority ⁷	198.0	114.8	279.3	369.0	322.9
British Columbia Lottery Corporation ⁷	235.4	244.2	266.2	281.4	369.4
British Columbia Buildings Corporation	20.0	12.0	10.0	20.0	2.0
British Columbia Railway Company	—	10.0	4.0	—	40.0
WLC Developments Ltd.	—	15.0	—	—	—
Other contributions	6.0	4.5	0.8	—	12.0
Total contributions from government enterprises	1,027.9	967.6	1,148.1	1,279.7	1,361.9
Contributions from the Federal Government					
Canada health and social transfer ⁸	2,242.7	2,222.1	1,775.0	1,637.0	1,968.0
Education (public schools)	75.4	68.6	71.7	74.5	75.5
<i>National Training Act</i>	25.4	19.8	11.1	7.7	7.1
Employability assistance for persons with disabilities ..	27.6	45.8	29.4	26.7	34.6
<i>Young Offenders Act</i>	8.4	8.4	8.1	8.1	1.7
Transportation and highways ⁹	22.8	—	—	—	—
Economic development	11.9	9.6	—	—	—
Immigration services	—	—	22.4	22.4	22.4
Other payments ¹⁰	48.3	19.8	37.2	60.1	40.3
Total contributions from the federal government	2,462.5	2,394.1	1,954.9	1,836.5	2,149.6
Total Revenue	19,506.3	19,697.8	20,125.6	20,215.9	20,306.1

¹ For comparative purposes, figures for prior years have been restated to be consistent with the presentation used in 1998/99. Figures exclude dedicated revenue collected on behalf of, and transferred to, Crown corporations and agencies.

² Revenue is shown net of home owner grants (basic and supplementary).

³ Beginning in 1997/98, a portion of hotel room tax is dedicated to Tourism British Columbia.

⁴ Revenue for prior years has been restated to reflect a change in accounting policy to exclude sinking fund earnings from revenue. The effect of this change reduces revenue by \$35.8 million in 1994/95, \$90.2 million in 1995/96, \$83.3 million in 1996/97 and \$69.2 million in 1997/98.

⁵ The British Columbia Endowment Fund was dissolved effective June 30, 1995.

⁶ Includes revenue realized through dispositions of assets deemed to be surplus to government needs.

⁷ Government revenue may be different from the annual net income or dividends reported by the Liquor Distribution Branch, British Columbia Lottery Corporation (BCLC) and British Columbia Hydro and Power Authority due to year-end accounting adjustments and corrections for prior years. BCLC also remitted an additional \$77 million which was distributed to charities through the Ministry of Employment and Investment.

⁸ In 1996/97, the federal government introduced the Canada health and social transfer, replacing the former established programs financing and Canada assistance plan programs.

⁹ Beginning in 1995/96, the federal ferry subsidy is received directly by the British Columbia Ferry Corporation.

¹⁰ Other payments include federal contributions for flood relief, criminal legal aid, statutory subsidies, South Moresby compensation, student loan administration and other cost-shared programs. The 1996/97 figure includes a partial recovery of Canada assistance plan entitlements withheld by the federal government in 1995/96.

**Table A2.5 Revenue by Source — Supplementary Information
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹**

	1995	1996	1997	1998	1999
Per Cent of GDP:					
			(per cent)		
Taxation.....	11.9	11.9	12.4	12.0	12.1
Natural resource.....	2.2	1.9	2.1	2.0	1.7
Other.....	1.8	1.7	1.6	1.6	1.7
Contributions from government enterprises.....	1.0	0.9	1.1	1.2	1.3
Contributions from the federal government.....	2.4	2.3	1.8	1.7	2.0
Total revenue.....	<u>19.4</u>	<u>18.8</u>	<u>19.0</u>	<u>18.5</u>	<u>18.7</u>
Growth Rates:					
			(per cent)		
Taxation.....	7.5	4.8	4.7	0.1	0.2
Natural resource.....	26.7	-9.7	7.9	0.5	-16.7
Other.....	5.9	-1.9	-3.2	3.2	1.8
Contributions from government enterprises.....	-1.9	-5.9	18.7	11.5	6.4
Contributions from the federal government.....	8.5	-2.8	-18.3	-6.1	17.0
Total revenue.....	8.8	1.0	2.2	0.4	0.4
Per Capita Revenue:					
			(dollars)		
Taxation.....	3,242	3,306	3,373	3,310	3,275
Natural resource.....	609	535	563	555	456
Other.....	498	476	449	454	457
Contributions from government enterprises.....	279	256	296	323	340
Contributions from the federal government.....	669	633	504	464	536
Total revenue.....	<u>5,298</u>	<u>5,206</u>	<u>5,184</u>	<u>5,106</u>	<u>5,064</u>
Real Per Capita Revenue (1998 dollars)	5,524	5,307	5,237	5,120	5,064
— growth rate (per cent).....	3.6	-3.9	-1.3	-2.2	-1.1

¹ Revenue has been restated to reflect the government's accounting policy at March 31, 1999. Figures exclude dedicated revenue collected on behalf of, and transferred to Crown corporations and agencies.

Note: Per capita revenue is calculated using July 1 population; e.g. 1998/99 revenue divided by population on July 1, 1998. Similarly, revenue as a per cent of GDP is calculated using GDP for the calendar year ending in the fiscal year (e.g. 1998/99 revenue compared to GDP for the 1998 calendar year). Revenue is converted to real (inflation-adjusted) terms using the consumer price index (CPI) for the corresponding calendar year; e.g. 1998 CPI for 1998/99 revenue. Totals may not add due to rounding.

**Table A2.6 Expenditure by Function^{1,2}
Consolidated Revenue Fund
For Fiscal Years Ended March 31**

	1995	1996	1997	1998 ³	1999
	(\$ millions)				
Health					
Hospital care.....	4,035.9	4,116.4	4,312.7	4,388.9	4,617.9
Medical care.....	2,195.1	2,287.1	2,356.0	2,455.7	2,558.0
Preventive care.....	244.2	266.5	279.6	250.9	239.7
Other health.....	108.7	108.1	113.4	153.4	166.9
Total health care⁴.....	6,583.9	6,778.1	7,061.7	7,248.9	7,582.5
Social services ⁴	2,890.1	3,033.0	3,019.9	3,101.8	3,035.2
Education					
Elementary and secondary.....	3,782.8	3,969.3	4,121.1	4,163.1	4,231.9
Post-secondary.....	1,351.4	1,413.9	1,480.2	1,451.9	1,498.7
Other education.....	117.6	109.0	156.5	159.2	170.9
Total education⁴.....	5,251.8	5,492.2	5,757.8	5,774.2	5,901.5
Protection of persons and property					
Law enforcement.....	361.3	375.9	400.2	398.4	410.4
Police protection.....	137.6	143.7	149.8	149.5	157.3
Corrections ⁴	235.7	243.1	259.2	211.3	207.4
Other protection and regulation ⁵	308.0	327.3	306.9	280.7	291.2
Total protection of persons and property.....	1,042.6	1,090.0	1,116.1	1,039.9	1,066.3
Transportation					
Road and air.....	624.2	572.2	575.5	494.9	460.4
Ferries.....	35.9	9.3	4.7	4.7	24.4
Public transit.....	246.8	270.3	281.4	288.7	293.8
Total transportation.....	906.9	851.8	861.6	788.3	778.6
Natural resources and economic development					
Forests (includes firefighting).....	756.6	687.5	612.2	482.9	592.0
Minerals and mines ⁶	254.4	45.6	26.6	23.1	31.7
Environment and agriculture.....	271.3	235.3	227.6	220.9	212.3
Fish and game.....	28.9	25.9	24.0	12.1	21.1
Trade and industry.....	186.1	171.9	153.1	117.4	90.2
Total natural resources and economic development.....	1,497.3	1,166.2	1,043.5	856.4	947.3
Other expenditure					
Local government.....	317.2	302.1	305.1	240.7	199.7
Housing support.....	108.1	76.3	91.2	86.7	91.1
Recreation and culture.....	176.9	122.3	97.9	151.3	81.4
Total other expenditure.....	602.2	500.7	494.2	478.7	372.2
General government					
Legislature.....	25.4	26.6	30.6	32.0	34.9
Administration.....	221.2	227.8	210.0	213.0	215.1
Total general government.....	246.6	254.4	240.6	245.0	250.0
Debt servicing ⁷	931.4	887.2	867.3	833.6	838.1
Total Expenditure.....	19,952.8	20,053.6	20,462.7	20,366.8	20,771.7

¹ Expenditure by function has been restated to conform more closely to the presentation used by Statistics Canada. Figures are based on 1998/99 *Public Accounts* information. For comparative purposes, figures for previous years have been restated to be consistent with the presentation used in 1998/99.

² The effect of phasing in an accounting policy with respect to the capitalization and amortization/depreciation of tangible capital assets is included in appropriate functions for fiscal years 1995/96, 1996/97, 1997/98 and 1998/99. Comparative amounts for 1994/95 are not available.

³ 1997/98 comparative expenditure is reduced \$1.5 million for asset capitalization changes implemented in 1998/99.

⁴ Certain 1997/98 expenditures formerly reported under health, education and corrections are now included under social services due to more integrated service delivery that resulted from the creation of the Ministry for Children and Families in late 1996/97.

⁵ During 1996/97 and 1997/98, responsibility for the Motor Vehicle Branch was transferred from government to the Insurance Corporation of British Columbia.

⁶ 1994/95 minerals and mines expenditure includes a one-time, \$195-million expenditure to record the renegotiation of the Vancouver Island Natural Gas pipeline assistance agreement.

⁷ Debt servicing has been restated to reflect a change in accounting policy with respect to earnings of sinking funds held for government direct operating debt. Sinking fund earnings are now recorded as a deduction from expenditure. Previously, these earnings were reported as revenue. The effect of this change reduces revenue and expenditure by \$35.8 million in 1994/95, \$90.2 million in 1995/96, \$83.3 million in 1996/97 and \$69.2 million in 1997/98. This restatement does not change the deficit.

**Table A2.7 Expenditure by Function — Supplementary Information
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹**

	1995	1996	1997	1998	1999
Per Cent of GDP:					
			(per cent)		
Health care.....	6.5	6.5	6.7	6.6	7.0
Social services.....	2.9	2.9	2.9	2.8	2.8
Education.....	5.2	5.2	5.4	5.3	5.4
Protection of persons and property.....	1.0	1.0	1.1	1.0	1.0
Transportation.....	0.9	0.8	0.8	0.7	0.7
Natural resources and economic development.....	1.5	1.1	1.0	0.8	0.9
Other expenditure.....	0.6	0.5	0.5	0.4	0.3
General government.....	0.2	0.2	0.2	0.2	0.2
Debt servicing.....	0.9	0.8	0.8	0.8	0.8
Total Expenditure.....	<u>19.8</u>	<u>19.1</u>	<u>19.3</u>	<u>18.6</u>	<u>19.2</u>
Growth Rates:					
			(per cent)		
Health care.....	9.7	2.9	4.2	2.7	4.6
Social services.....	22.1	4.9	-0.4	2.7	-2.1
Education.....	9.3	4.6	4.8	0.3	2.2
Protection of persons and property.....	18.1	4.5	2.4	-6.8	2.5
Transportation.....	-15.8	-6.1	1.2	-8.5	-1.2
Natural resources and economic development.....	29.6	-22.1	-10.5	-17.9	10.6
Other expenditure.....	7.8	-16.9	-1.3	-3.1	-22.2
General government.....	-10.2	3.2	-5.4	1.8	2.0
Debt servicing.....	14.5	-4.7	-2.2	-3.9	0.5
Total Expenditure.....	11.2	0.5	2.0	-0.5	2.0
Per Capita Expenditure:					
			(dollars)		
Health care.....	1,788	1,791	1,819	1,830	1,891
Social services.....	785	802	778	783	757
Education.....	1,426	1,451	1,483	1,458	1,472
Protection of persons and property.....	283	288	288	262	266
Transportation.....	246	225	222	199	194
Natural resources and economic development.....	407	308	269	216	236
Other expenditure.....	164	132	127	121	93
General government.....	67	67	62	62	62
Debt servicing.....	253	234	223	210	209
Total Expenditure.....	<u>5,419</u>	<u>5,300</u>	<u>5,271</u>	<u>5,141</u>	<u>5,181</u>
Real Per Capita Expenditure (1998 dollars)	5,650	5,403	5,324	5,155	5,181
— growth rate (per cent).....	0.8	-4.4	-1.4	-3.2	0.5

¹ Expenditure has been restated to reflect the government's accounting policy at March 31, 1999.

Note: Per capita expenditure is calculated using July 1 population (e.g. 1998/99 expenditure divided by population on July 1, 1998). Similarly, expenditure as a per cent of GDP is calculated using GDP for the calendar year ending in the fiscal year (e.g. 1998/99 expenditure divided by GDP for the 1998 calendar year). Expenditure is converted to real (inflation-adjusted) terms using the consumer price index (CPI) for the corresponding calendar year (e.g. 1998 CPI for 1998/99 expenditure.)

**Table A2.8 Historical Revenue by Source
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹**

Year	Taxation	Natural Resource	Other Revenue	Contributions From Government Enterprises	Contributions From the Federal Government	Total
(\$ millions)						
1985.....	5,015.3	720.9	886.0	360.3	1,825.0	8,807.5
1986.....	5,237.2	703.7	965.3	398.4	1,855.5	9,160.1
1987.....	5,354.5	657.6	979.2	447.6	2,024.5	9,463.4
1988.....	6,199.8	1,223.0	1,059.9	469.8	2,054.1	11,006.6
1989.....	6,973.0	1,271.4	1,728.8	447.4	2,149.2	12,569.8
1990 ²	8,095.7	1,249.2	1,463.9	726.7	2,120.7	13,656.2
1991.....	8,702.5	1,170.7	1,432.6	834.5	2,095.9	14,236.2
1992.....	8,997.3	1,101.0	1,573.1	700.5	2,197.9	14,569.8
1993.....	9,896.6	1,264.3	1,580.0	1,015.6	2,415.5	16,172.0
1994 ³	11,100.4	1,771.5	1,733.3	1,048.3	2,269.1	17,922.6
1995.....	11,936.9	2,243.8	1,835.2	1,027.9	2,462.5	19,506.3
1996 ⁴	12,509.6	2,025.9	1,800.6	967.6	2,394.1	19,697.8
1997.....	13,093.8	2,185.5	1,743.3	1,148.1	1,954.9	20,125.6
1998.....	13,103.2	2,197.2	1,799.3	1,279.7	1,836.5	20,215.9
1999.....	13,133.7	1,829.5	1,831.4	1,361.9	2,149.6	20,306.1

¹ Revenue has been restated to reflect the government's accounting policy at March 31, 1999. Further information is provided in footnotes to Table A2.4, and in the introduction to this appendix. Figures exclude dedicated revenue collected on behalf of, and transferred to, Crown corporations and agencies. These revenues are included as part of the operations of the Crown corporations and agencies. Figures are based on *Public Accounts* information.

² Beginning in 1989/90, other revenue has been restated to reflect a change in accounting policy to exclude sinking fund earnings from revenue.

³ Beginning in 1993/94, revenue has been restated to reflect a change in accounting policy to show allowances for doubtful collection of revenue accounts as deductions from revenue. Previously, these amounts were recorded as expenditures.

⁴ Beginning in 1995/96, other revenue has been restated to reflect a change in accounting policy to exclude from revenue and expenditure, non-cash exchanges of Crown land (of equivalent value) to third parties.

**Table A2.9 Historical Expenditure by Function
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹**

Year	Health	Social Services	Education	Transportation	Debt Servicing	Other ²	Total
	(\$ millions)						
1985.....	3,041.8	1,266.5	2,455.1	1,263.0	274.6	1,500.4	9,801.4
1986.....	3,161.3	1,297.6	2,384.8	1,156.5	341.9	1,784.5	10,126.6
1987.....	3,445.7	1,297.8	2,495.1	905.5	383.6	2,096.4	10,624.1
1988.....	3,684.1	1,348.8	2,662.4	927.7	525.3	1,906.3	11,054.6
1989.....	4,012.2	1,440.2	2,919.7	844.3	529.9	2,087.9	11,834.2
1990 ³	4,501.7	1,495.8	3,228.4	1,198.9	457.2	2,318.0	13,200.0
1991.....	5,027.5	1,669.1	4,113.0 ⁴	1,187.7	478.2	2,534.3	15,009.8
1992.....	5,616.7	1,993.7	4,521.5	1,262.1	589.8	3,117.6	17,101.4
1993.....	6,002.9	2,366.5	4,803.8	1,077.6	735.5	2,871.4	17,857.7
1994.....	6,286.7	2,704.7	4,983.7	1,023.8 ⁵	844.1	2,990.0	18,833.0
1995.....	6,583.9	2,890.1	5,251.8	906.9	931.4	3,388.7	19,952.8
1996.....	6,778.1	3,033.0	5,492.2	851.8	887.2	3,011.3	20,053.6
1997.....	7,061.7	3,019.9	5,757.8	861.6	867.3	2,894.4	20,462.7
1998.....	7,248.9	3,101.8	5,774.2	788.3	833.6	2,620.0	20,366.8
1999.....	7,582.5	3,035.2	5,901.5	778.6	838.1	2,635.8	20,771.7

¹ Expenditure has been restated to reflect the government's accounting policy at March 31, 1999. Further information is provided in footnotes to Table A2.6 and the introduction to this appendix. Figures are based on *Public Accounts* information.

² Other includes: protection of persons and property, natural resources and economic development, general government and other expenditures.

³ Beginning in 1989/90, expenditure has been restated to report sinking fund earnings as a deduction from expenditure. Previously, these earnings were reported as revenue. The annual deficits are unchanged by this accounting policy change.

⁴ Beginning in 1990/91, the provincial government assumed full responsibility for contributions to school districts previously funded through residential school property taxes. As a result, some expenditures formerly financed by local school districts are included as expenditures of the government.

⁵ Responsibility for highway capital construction was transferred to the BC Transportation Financing Authority in 1993/94.

**Table A2.10 Historical Summary of Financial Transactions
Consolidated Revenue Fund
For Fiscal Years Ended March 31**

Year	Revenue	Expenditure	(Surplus) Deficit	Disbursements (Receipts) from Financing/ Working Capital Transactions	Total Financial Requirements (Sources)	Net Increase (Decrease) In Government Direct Operating Debt	(Increase) Decrease In Cash and Temporary Investments ¹
				(\$ millions)			
1970.....	1,248.3	1,244.7	(3.6)	9.3	5.7	—	5.7
1971.....	1,373.3	1,274.1	(99.2)	20.1	(79.1)	—	(79.1)
1972.....	1,557.4	1,473.9	(83.5)	22.8	(60.7)	—	(60.7)
1973.....	1,772.3	1,675.5	(96.8)	13.0	(83.8)	—	(83.8)
1974.....	2,217.2	2,071.3	(145.9)	(22.9)	(168.8)	—	(168.8)
1975.....	2,769.4	2,779.2	9.8	98.6	108.4	—	108.4
1976.....	3,124.1	3,534.4	410.3	(96.6)	313.7	—	313.7
1977.....	3,785.4	3,691.1	(94.3)	150.1	55.8	261.4	(205.6)
1978.....	4,371.8	4,167.8	(204.0)	(54.2)	(258.2)	—	(258.2)
1979.....	4,852.7	4,582.2	(270.5)	26.3	(244.2)	—	(244.2)
1980.....	5,860.0	5,318.2	(541.8)	85.0	(456.8)	(26.1)	(430.7)
1981.....	5,982.6	6,239.4	256.8	30.1	286.9	(26.1)	313.0
1982.....	7,139.3	7,323.4	184.1	(159.3)	24.8	(26.1)	50.9
1983.....	7,678.1	8,662.3	984.2	265.3	1,249.5	700.0	549.5
1984.....	8,335.1	9,347.2	1,012.1	(223.5)	788.6	713.0	75.6
1985.....	8,807.5	9,801.4	993.9	(111.3)	882.6	879.8	2.8
1986.....	9,160.1	10,126.6	966.5	(105.7)	860.8	721.2	139.6
1987.....	9,463.4	10,624.1	1,160.7	567.9	1,728.6	1,604.8	123.8
1988.....	11,006.6	11,054.6	48.0	154.1	202.1	214.8	(12.7)
1989.....	12,569.8	11,834.2	(735.6)	76.4	(659.2)	(97.5)	(561.7)
1990 ²	13,656.2	13,200.0	(456.2)	23.3	(432.9)	(710.6)	277.7
1991.....	14,236.2	15,009.8	773.6	18.5	792.1	517.3	274.8
1992.....	14,569.8	17,101.4	2,531.6	(518.2)	2,013.4	1,884.6	128.8
1993.....	16,172.0	17,857.7	1,685.7	599.2	2,284.9	2,359.0	(74.1)
1994.....	17,922.6	18,833.0	910.4	(17.5)	892.9	1,287.6	(394.7)
1995.....	19,506.3	19,952.8	446.5	(272.3)	174.2	(76.0)	250.2
1996.....	19,697.8	20,053.6	355.8	(145.8)	210.0	56.0	154.0
1997.....	20,125.6	20,462.7	337.1	435.1	772.2	793.4	(21.2)
1998 ³	20,215.9	20,366.8	150.9	16.7	167.6	457.5	(289.9)
1999.....	20,306.1	20,771.7	465.6	534.8	1,000.4	702.3	298.1

¹ The definition of items classified as cash and temporary investments has changed over time. The table reports the change in cash and temporary investments based on the accounting classification used during the year reported.

² Beginning in 1989/90, revenue and expenditure have been restated to report sinking funds earnings as a deduction from expenditure. Previously, these earnings were reported as revenue. The annual deficits are unchanged by this accounting policy change.

³ Expenditure and the deficit in 1997/98 have been reduced by \$1.5 million to reflect the effect of expanding the capitalization policy to other tangible capital assets in 1998/99 (see Appendix 2 — Accounting Changes Effective in 1998/99).

**Table A2.11 Provincial Net Debt Summary¹
For Fiscal Years Ended March 31**

	1995	1996	1997	1998	1999
Taxpayer-supported debt					
Provincial government direct					
	(\$ millions)				
Operating purposes	10,181.1	10,237.1	11,030.5	11,488.0	12,190.3
Capital financing purposes:					
Schools	2,393.6	2,658.5	2,835.1	2,990.2	3,260.6
Post-secondary institutions	1,237.5	1,331.8	1,394.7	1,361.7	1,336.4
Health facilities	1,317.6	1,398.7	1,431.2	1,417.0	1,281.9 ²
Public transit	—	—	—	—	986.6 ³
<i>SkyTrain</i> extension	—	—	—	—	133.5
	4,948.7	5,389.0	5,661.0	5,768.9	6,999.0
Total provincial government direct	15,129.8	15,626.1	16,691.5	17,256.9	19,189.3
Economic development Crown corporations and agencies					
BC Transportation Financing Authority	275.9	590.4	915.6	1,084.1	1,427.5
British Columbia Ferry Corporation	432.8	502.0	684.9	795.2	972.4
British Columbia Transit	1,449.5	1,505.5	1,537.2	1,578.5	58.9
Rapid Transit Project 2000 Ltd.	—	—	—	—	56.5
580440 British Columbia Ltd. (Vancouver Trade and Convention Centre)	—	—	—	—	28.7
Other ⁴	24.1	32.0	48.4	59.9	51.8
	2,182.3	2,629.9	3,186.1	3,517.7	2,595.8
Government services Crown corporations and agencies and other fiscal agency loans					
British Columbia Assessment Authority	5.5	7.0	6.2	4.8	4.3
British Columbia Buildings Corporation	698.1	719.1	735.4	734.9	714.7
British Columbia Systems Corporation	25.9	21.6	19.3 ⁵	—	—
Homeowner Protection Office	—	—	—	—	8.1
Greater Vancouver Sewerage and Drainage District	187.0	175.1 ⁶	—	—	—
Greater Vancouver Water District	137.1	131.1 ⁶	—	—	—
Universities and colleges — fiscal agency loans	173.6	164.3	154.3	144.2	136.9
Local governments	3.3	3.3	3.3	3.5	3.8
	1,230.5	1,221.5	918.5	887.4	867.8
Other guarantees					
Student assistance loans	205.5	173.5	148.4	86.4	61.1
British Columbia home mortgage assistance and second mortgage programs	122.4	76.2	53.7	47.2	36.7
Other ⁷	70.8	37.9	33.9	51.3	64.8
	398.7	287.6	236.0	184.9	162.6
Non-guaranteed debt⁸	96.6	101.4	120.4	131.6	145.2
Less Internally held funds⁹	0.7	0.8	0.8	—	—
Total taxpayer-supported debt	19,037.2	19,865.7	21,151.7	21,978.5	22,960.7
Self-supporting debt					
Commercial Crown corporations and agencies					
British Columbia Hydro and Power Authority	7,662.3	7,592.3	7,477.2	7,233.6	7,474.0
British Columbia Railway Company	310.9	326.1	390.6	487.8	581.0
552513 British Columbia Ltd. (Skeena Cellulose Inc.) ¹⁰	—	—	—	64.6	128.5
Columbia Power Corporation	—	—	3.1	—	—
	7,973.2	7,918.4	7,870.9	7,786.0	8,183.5
Warehouse borrowing program	—	895.2	100.0	211.5	657.8
Non-guaranteed debt¹¹	39.4	33.4	124.9	206.3	215.8
Total self-supporting debt	8,012.6	8,847.0	8,095.8	8,203.8	9,057.1
Total provincial debt	27,049.8	28,712.7	29,247.5	30,182.3	32,017.8

¹ Net debt is after deduction of sinking funds and unamortized discounts, and excludes accrued interest. Government direct and fiscal agency debt accrued interest is reported in the government's accounts as an account payable. Figures for earlier years have been restated to conform with the presentation used for 1999.

² Effective March 31, 1999, the Municipal Finance Authority of British Columbia assumed \$192 million of debt which was previously debt of the British Columbia Regional Hospital Districts Financing Authority (BCRHDA). The remaining debt BCRHDA (and its related debt under the capital project certificate of approval program) is included as part of provincial government direct debt (health facilities). Figures for previous years have not been restated.

³ Effective March 31, 1999, the Greater Vancouver Transportation Authority (GVTA) — later renamed TransLink — assumed responsibility for transit operations in the Lower Mainland. As a result, the GVTA assumed assets, and debt totalling \$508 million, from British Columbia Transit. Future funding will be provided by the Municipal Finance Authority of British Columbia. Debt related to the *SkyTrain* guideway and bridge and to *West Coast Express* infrastructure is included as part of provincial government direct debt. Debt related to other municipal public transit systems remains with British Columbia Transit and is reported as part of economic development Crown corporation and agency debt. Figures for previous years have not been restated.

⁴ Includes the British Columbia Housing Management Commission, the Pacific Racing Association and Victoria Line Ltd.

⁵ The provincial government assumed the debt of the British Columbia Systems Corporation.

⁶ Outstanding debt of the Greater Vancouver Sewerage and Drainage District and the Greater Vancouver Water District was defeased. Funding for these districts is provided through the Municipal Finance Authority of British Columbia.

⁷ Includes outstanding loan guarantees to agricultural producers and those issued under economic development assistance programs.

⁸ Includes debt of the Provincial Rental Housing Corporation, BC Transportation Financing Authority, Pacific National Exhibition, British Columbia Ferry Corporation, Okanagan Valley Tree Fruit Authority, British Columbia Transit and Tourism British Columbia, that is not guaranteed by the provincial government. Although not a direct obligation, this debt is included as part of total provincial debt because it is incurred by a government body.

⁹ Amounts held as investments or cash for relending by the consolidated revenue fund and Crown corporations and agencies.

¹⁰ Although the debt of 552513 British Columbia Ltd. (Skeena Cellulose Inc.) is considered to be self-supporting, future profitability is uncertain due to the volatility of world pulp prices and their potential impact on Skeena Cellulose Inc.

¹¹ Includes debt of the British Columbia Lottery Corporation, Liquor Distribution Branch, British Columbia Railway Company and Columbia Basin Power Company (a joint venture of the Columbia Power Corporation and the Columbia Basin Trust) that is not guaranteed by the provincial government. Although not a direct obligation, this debt is included as part of total provincial debt because it is incurred by a government body. Also includes debt of Skeena Cellulose Inc., a subsidiary of 552513 British Columbia Ltd. As the province is not the sole shareholder of Skeena Cellulose Inc., a portion of this debt may be attributable to the minority shareholder.

**Table A2.12 Provincial Net Debt Summary — Supplementary Information
For Fiscal Years Ended March 31**

	1995	1996	1997	1998	1999
Per Cent of GDP:					
	(per cent)				
Taxpayer-supported debt					
Provincial government direct					
Operating purposes.....	10.1	9.8	10.4	10.5	11.3
Education capital financing purposes.....	4.9	5.1	5.3	5.3	6.5
Economic development Crown corporations and agencies ¹	2.2	2.5	3.0	3.2	2.4
Government services Crown corporations and agencies ¹ ...	1.2	1.2	0.9	0.8	0.8
Other guarantees	0.4	0.3	0.2	0.2	0.2
Non-guaranteed debt.....	0.1	0.1	0.1	0.1	0.1
Total taxpayer-supported debt.....	<u>18.9</u>	<u>19.0</u>	<u>20.0</u>	<u>20.1</u>	<u>21.2</u>
Self-supporting debt					
Commercial Crown corporations and agencies.....	8.0	7.6	7.4	7.1	7.6
Warehouse borrowing program.....	—	0.9	0.1	0.2	0.6
Non-guaranteed debt.....	—	—	0.1	0.2	0.2
Total self-supporting debt.....	<u>8.0</u>	<u>8.4</u>	<u>7.6</u>	<u>7.5</u>	<u>8.4</u>
Total provincial net debt.....	<u><u>26.9</u></u>	<u><u>27.4</u></u>	<u><u>27.6</u></u>	<u><u>27.6</u></u>	<u><u>29.6</u></u>
Growth Rates:					
	(per cent)				
Taxpayer-supported debt					
Provincial government direct					
Operating purposes.....	-0.7	0.6	7.8	4.1	6.1
Education capital financing purposes.....	16.9	8.9	5.0	1.9	21.3
Economic development Crown corporations and agencies ¹	17.0	20.3	20.9	11.3	-26.2
Government services Crown corporations and agencies ¹ ...	10.8	-0.3	-23.7	-5.8	-2.2
Other guarantees	-6.3	-27.9	-17.9	-21.7	-12.0
Non-guaranteed debt.....	9.5	5.0	18.7	9.3	10.3
Total taxpayer-supported debt.....	<u>5.9</u>	<u>4.4</u>	<u>6.5</u>	<u>3.9</u>	<u>4.5</u>
Self-supporting debt					
Commercial Crown corporations and agencies.....	0.9	-0.7	-0.6	-1.1	5.1
Warehouse borrowing program.....	—	—	-88.8	111.5	211.0
Non-guaranteed debt.....	-5.3	-15.2	274.0	65.2	4.6
Total self-supporting debt.....	<u>0.8</u>	<u>10.4</u>	<u>-8.5</u>	<u>1.3</u>	<u>10.4</u>
Total provincial net debt.....	<u><u>4.3</u></u>	<u><u>6.1</u></u>	<u><u>1.9</u></u>	<u><u>3.2</u></u>	<u><u>6.1</u></u>
Per Capita Net Debt:					
	(dollars)				
Taxpayer-supported debt					
Provincial government direct					
Operating purposes.....	2,765	2,705	2,841	2,900	3,041
Education capital financing purposes.....	1,344	1,424	1,458	1,456	1,746
Economic development Crown corporations and agencies ¹	590	691	814	888	647
Government services Crown corporations and agencies ¹ ...	336	327	243	224	216
Other guarantees	108	76	61	47	41
Non-guaranteed debt.....	26	27	31	33	36
Total taxpayer-supported debt.....	<u>5,171</u>	<u>5,250</u>	<u>5,449</u>	<u>5,548</u>	<u>5,727</u>
Self-supported debt					
Commercial Crown corporations and agencies.....	2,166	2,093	2,028	1,965	2,041
Warehouse borrowing program.....	—	237	26	53	164
Non-guaranteed debt.....	11	9	32	52	54
Total self-supporting debt.....	<u>2,176</u>	<u>2,338</u>	<u>2,085</u>	<u>2,071</u>	<u>2,259</u>
Total provincial net debt.....	<u><u>7,347</u></u>	<u><u>7,588</u></u>	<u><u>7,534</u></u>	<u><u>7,619</u></u>	<u><u>7,986</u></u>

Note: Totals may not add due to rounding.

¹ Excludes amounts held as investments/cash for relending by the consolidated revenue fund and Crown corporations and agencies.

**Table A2.13 Historical Provincial Net Debt Summary
For Fiscal Years Ended March 31¹**

Year	Taxpayer-Supported Debt						Total Taxpayer-Supported Debt	Self-Supporting Debt ³	Total Provincial Debt	Total Provincial Debt as a Percent of GDP	Taxpayer-Supported Debt as a Percent of GDP
	Provincial Government Direct			Government Services and Other Fiscal Agency Loans		Other ²					
	Operating Purposes	Capital Financing Purposes	Economic Development								
1970	—	300.0	141.5	180.4	—	621.9	1,661.3	2,283.2	25.7	7.0	
1971	—	355.2	172.2	170.1	—	697.5	1,807.5	2,505.0	26.9	7.5	
1972	—	402.6	233.4	156.5	—	792.5	1,948.1	2,740.6	26.5	7.7	
1973	—	459.7	288.2	140.5	—	888.4	2,061.8	2,950.2	24.8	7.5	
1974	—	497.7	401.6	128.2	—	1,027.5	2,227.7	3,255.2	22.1	7.0	
1975	—	582.5	442.2	127.9	—	1,152.6	2,649.9	3,802.5	21.8	6.6	
1976	—	706.1	596.2	121.8	—	1,424.1	3,144.3	4,568.4	23.4	7.3	
1977	261.4	872.4	694.8	163.4	—	1,992.0	3,787.4	5,779.4	25.1	8.7	
1978	261.4	984.6	715.8	171.6	—	2,133.4	4,464.0	6,597.4	25.7	8.3	
1979	261.4	1,100.5	709.5	211.4	(165.5)	2,117.3	4,837.6	6,954.9	24.2	7.4	
1980	235.3	1,236.7	824.1	305.4	(205.2)	2,396.3	5,704.3	8,100.6	24.3	7.2	
1981	209.2	1,379.9	823.4	336.0	(161.0)	2,587.5	5,956.1	8,543.6	22.3	6.8	
1982	183.1	1,627.6	972.6	477.3	(314.9)	2,945.7	7,227.5	10,173.2	23.0	6.7	
1983	883.1	1,863.7	1,194.1	860.8	(136.4)	4,665.3	7,691.4	12,356.7	27.8	10.5	
1984	1,596.1	2,123.7	1,784.1	686.9	4.5	6,195.3	8,440.3	14,635.6	31.2	13.2	
1985	2,475.9	2,120.6	1,234.1	574.4	63.3	6,468.3	9,082.0	15,550.3	31.4	13.0	
1986	3,197.1	1,956.2	1,646.0	650.4	113.6	7,563.3	8,989.5	16,552.8	31.3	14.3	
1987	4,801.9	1,948.9	1,286.5	475.3	147.3	8,659.9	8,485.2	17,145.1	30.9	15.6	
1988	5,016.7	1,994.0	1,192.7	489.7	169.7	8,862.8	8,148.8	17,011.6	27.4	14.3	
1989	4,919.2	2,085.2	1,213.5	516.7	324.5	9,059.1	7,396.4	16,455.5	24.0	13.2	
1990	4,208.6	2,204.3	1,245.1	700.6	560.8	8,919.4	7,339.9	16,259.3	21.7	11.9	
1991	4,725.9	2,524.3	1,288.0	692.9	587.3	9,818.4	7,444.0	17,262.4	21.9	12.5	
1992	6,610.5	2,978.7	1,534.1	817.6	606.6	12,547.5	7,493.3	20,040.8	24.6	15.4	
1993 ⁴	8,969.5	3,567.1	1,728.5	998.7	632.1	15,895.9	7,526.1	23,422.0	26.9	18.2	
1994	10,257.1	4,234.7	1,881.9	1,123.3	484.1	17,981.1	7,945.8	25,926.9	27.7	19.2	
1995	10,181.1	4,948.7	2,182.3	1,230.5	494.6	19,037.2	8,012.6	27,049.8	26.9	18.9	
1996	10,237.1	5,389.0	2,629.9	1,221.5	388.2	19,865.7	8,847.0	28,712.7	27.4	19.0	
1997	11,030.5	5,661.0	3,186.1	918.5	355.6	21,151.7	8,095.8	29,247.5	27.6	20.0	
1998	11,488.0	5,768.9	3,517.7	887.4	316.5	21,978.5	8,203.8	30,182.3	27.6	20.1	
1999	12,190.3	6,999.0	2,595.8	867.8	307.8	22,960.7	9,057.1	32,017.8	29.6	21.2	

¹ Net debt is after deducting sinking funds. Government purpose and fiscal agency debt excludes accrued interest, which is reported in the government's accounts as an account payable.

² Includes other fiscal agency loans, other guarantees and taxpayer-supported non-guaranteed debt, less amounts held as investments or cash for relending by the consolidated revenue fund and Crown corporations and agencies. Also includes loan guarantees that have been provided for.

³ Includes debt of commercial Crown corporations and agencies, funds held under the province's warehouse borrowing program, and non-guaranteed debt of the British Columbia Lottery Corporation, Liquor Distribution Branch, British Columbia Railway Company, Columbia Basin Power Company (a joint venture of the Columbia Power Corporation and the Columbia Basin Trust) and 552513 British Columbia Ltd. (Skeena Cellulose Inc.).

⁴ In May 1998, as part of its periodic re-basing of the national economic accounts, Statistics Canada revised provincial nominal GDP back to calendar year 1992 (fiscal year 1992/93). Debt-to-GDP ratios prior to 1992/93 are based on the previously published economic accounts calculations.

Appendix 3: The Province and Its People

Table A3.1 British Columbia Municipal Population Estimates

Name	Area Type	Estimate 1996	Estimate 1997	Estimate 1998	Name	Area Type	Estimate 1996	Estimate 1997	Estimate 1998
Abbotsford.....	C	109,758	112,400	113,576	Nakusp.....	VL	1,807	1,802	1,839
Alert Bay.....	VL	638	563	556	Nanaimo.....	C	72,950	74,939	75,760
Anmore.....	VL	999	1,023	1,164	Nelson.....	C	9,968	9,954	9,733
Armstrong.....	C	4,053	4,139	4,203	New Denver.....	VL	600	606	604
Ashcroft.....	VL	1,924	1,987	1,953	New Hazelton.....	DM	859	874	853
Belcarra.....	VL	690	705	708	New Westminster.....	C	51,591	52,412	53,723
Burnaby.....	C	187,086	188,957	189,513	North Cowichan.....	DM	26,275	26,704	27,132
Burns Lake.....	VL	1,871	1,893	1,890	North Saanich.....	DM	10,772	10,883	10,955
Cache Creek.....	VL	1,158	1,195	1,156	North Vancouver.....	C	43,355	43,715	44,505
Campbell River.....	DM	30,042	30,956	31,459	North Vancouver.....	DM	83,585	84,742	85,442
Castlegar.....	C	7,302	7,343	7,401	Oak Bay.....	DM	18,493	18,335	18,173
Central Saanich.....	DM	15,155	15,318	15,502	Oliver.....	T	4,434	4,511	4,455
Chase.....	VL	2,546	2,592	2,582	Osoyoos.....	T	4,160	4,310	4,399
Chetwynd.....	DM	3,119	3,078	2,959	Parksville.....	C	9,816	10,145	10,269
Chilliwack.....	DM	62,591	63,437	64,597	Peachland.....	DM	4,684	4,803	4,803
Clinton.....	VL	757	762	774	Pemberton.....	VL	899	1,181	1,356
Coldstream.....	DM	9,307	9,481	9,556	Penticton.....	C	32,161	32,527	35,582
Colwood.....	C	14,412	14,571	14,758	Pitt Meadows.....	DM	13,984	14,388	14,530
Comox.....	T	11,483	11,713	11,963	Port Alberni.....	C	19,201	19,627	19,533
Coquitlam.....	C	106,129	108,289	110,618	Port Alice.....	VL	1,387	1,372	1,345
Courtenay.....	C	18,052	18,866	19,243	Port Clements.....	VL	583	601	606
Cranbrook.....	C	18,869	19,341	19,576	Port Coquitlam.....	C	48,687	50,067	50,889
Creston.....	T	4,990	5,090	5,073	Port Edward.....	DM	732	773	779
Cumberland.....	VL	2,645	2,743	2,754	Port Hardy.....	DM	5,512	5,482	5,386
Dawson Creek.....	C	11,602	11,659	11,817	Port McNeill.....	T	3,052	3,115	3,110
Delta.....	DM	99,233	100,521	101,195	Port Moody.....	C	21,732	22,652	23,175
Duncan.....	C	4,761	4,915	4,908	Pouce Coupe.....	VL	930	930	947
Elkford.....	DM	2,837	2,834	2,821	Powell River.....	DM	13,637	13,963	13,954
Enderby.....	C	2,853	2,920	2,917	Prince George.....	C	78,396	79,874	80,943
Esquimalt.....	DM	16,855	16,815	16,677	Prince Rupert.....	C	17,432	17,571	17,193
Fernie.....	C	5,072	5,112	5,116	Princeton.....	T	2,932	2,981	2,973
Fort Nelson.....	T	4,612	4,779	4,789	Qualicum Beach.....	T	6,948	7,171	7,398
Fort St. James.....	DM	2,136	2,148	2,122	Quesnel.....	C	8,824	9,086	9,000
Fort St. John.....	C	15,714	15,954	16,324	Radium Hot Springs.....	VL	550	579	582
Fraser Lake.....	VL	1,403	1,351	1,332	Revelstoke.....	C	8,373	8,414	8,332
Fruitvale.....	VL	2,196	2,193	2,176	Richmond.....	C	155,005	158,883	162,245
Gibsons.....	T	3,875	3,900	3,926	Rossland.....	C	3,950	3,895	3,856
Gold River.....	VL	2,125	2,042	1,947	Saanich.....	DM	105,463	106,742	107,026
Golden.....	T	4,134	4,204	4,173	Salmo.....	VL	1,247	1,261	1,280
Grand Forks.....	C	4,146	4,303	4,305	Salmon Arm.....	DM	15,211	15,753	16,222
Granisle.....	VL	462	470	460	Sayward.....	VL	457	465	453
Greenwood.....	C	813	815	793	Sechelt.....	DM	7,611	8,070	8,337
Harrison Hot Springs.....	VL	932	1,063	1,086	Sechelt Ind. Gov. Dist.....	IGD	801	815	792
Hazelton.....	VL	364	361	370	Sicamous.....	DM	2,931	3,003	3,155
Highlands.....	DM	1,481	1,533	1,563	Sidney.....	T	11,084	11,031	11,257
Hope.....	DM	6,481	6,689	6,818	Silverton.....	VL	249	253	250
Houston.....	DM	4,106	4,279	4,338	Slocan.....	VL	348	348	351
Hudson's Hope.....	DM	1,165	1,167	1,150	Smithers.....	T	5,868	5,986	6,073
Invermere.....	DM	2,792	2,900	2,941	Spallumcheen.....	DM	5,523	5,628	5,691
Kamloops.....	C	79,544	81,087	81,880	Sparwood.....	DM	4,144	4,081	4,163
Kaslo.....	VL	1,101	1,114	1,119	Squamish.....	DM	14,578	15,084	15,364
Kelowna.....	C	93,045	95,152	97,372	Stewart.....	DM	895	831	738
Kent.....	DM	5,049	5,129	5,255	Summerland.....	DM	10,949	11,020	10,913
Keremeos.....	VL	1,206	1,199	1,194	Surrey.....	C	317,290	325,895	332,836
Kimberley.....	C	6,997	6,970	6,950	Tahsis.....	VL	981	968	904
Kitimat.....	DM	11,587	11,736	11,712	Taylor.....	DM	1,077	1,095	1,136
Ladysmith.....	T	6,704	6,816	6,893	Telkwa.....	VL	1,243	1,339	1,406
Lake Country.....	DM	9,348	9,589	9,531	Terrace.....	C	13,325	13,715	13,812
Lake Cowichan.....	T	2,966	3,027	3,063	Tofino.....	DM	1,222	1,292	1,385
Langford.....	DM	18,242	19,100	19,421	Trail.....	C	7,979	7,785	7,780
Langley.....	C	23,484	23,761	24,137	Tumbler Ridge.....	DM	3,939	3,886	3,568
Langley.....	DM	83,359	85,762	87,752	Ucluelet.....	DM	1,731	1,742	1,743
Lillooet.....	DM	3,007	3,042	3,019	Valemount.....	VL	1,357	1,382	1,397
Lions Bay.....	VL	1,398	1,403	1,415	Vancouver.....	C	537,587	546,780	553,454
Logan Lake.....	DM	2,583	2,611	2,594	Vanderhoof.....	DM	4,589	4,707	4,736
Lumby.....	VL	1,755	1,823	1,802	Vernon.....	C	33,059	33,869	34,392
Lytton.....	VL	336	331	326	Victoria.....	C	76,831	76,691	76,121
Mackenzie.....	DM	6,270	6,318	6,301	View Royal.....	T	6,704	6,916	7,043
Maple Ridge.....	DM	58,457	59,983	61,096	Warfield.....	VL	1,858	1,825	1,830
Masset.....	VL	1,352	1,079	1,070	Wells.....	DM	—	—	272
McBride.....	VL	770	796	776	West Vancouver.....	DM	42,354	42,694	42,738
Merritt.....	C	7,940	8,028	8,141	Whistler.....	DM	7,607	8,457	9,183
Metchosin.....	DM	4,899	4,964	5,025	White Rock.....	C	17,870	18,001	17,719
Midway.....	VL	711	708	693	Williams Lake.....	C	10,917	11,199	11,296
Mission.....	DM	31,747	32,162	32,585	Zeballos.....	VL	242	251	243
Montrose.....	VL	1,179	1,176	1,180	100 Mile House.....	DM	1,925	2,030	2,079
					Total.....		<u>3,350,064</u>	<u>3,412,992</u>	<u>3,454,396</u>

Note: All figures correspond to municipal boundaries as of July 1 of the year stated. All figures are as of July 1 of the year stated.
1996 figures include an estimate of net census undercount.

C = City, T = Town, VL = Village, DM = District Municipality, IGD = Indian Government District.

* Denotes a boundary change between 1996 and 1998.

† Denotes a new incorporation in 1998.

Source: BC STATS, Ministry of Finance and Corporate Relations.

Table A3.2 Historical Labour Market Activity in British Columbia

Total — Both Sexes					
Year	Participation Rate	Labour Force	Employed	Unemployed	Unemployment Rate
		(thousands)			(per cent)
1988.....	66.3	1,610.5	1,444.3	166.2	10.3
1989.....	67.4	1,676.2	1,523.7	152.5	9.1
1990.....	66.7	1,703.9	1,561.4	142.4	8.4
1991.....	67.2	1,761.5	1,585.1	176.4	10.0
1992.....	67.0	1,809.2	1,619.3	189.9	10.5
1993.....	66.3	1,845.2	1,665.9	179.3	9.7
1994.....	66.7	1,912.8	1,732.8	180.0	9.4
1995.....	65.7	1,934.9	1,761.6	173.3	9.0
1996.....	65.5	1,981.5	1,805.8	175.7	8.9
1997.....	64.9	2,012.4	1,837.7	174.8	8.7
1998.....	64.8	2,042.6	1,860.4	182.1	8.9

Males					
Year	Participation Rate	Labour Force	Employed	Unemployed	Unemployment Rate
		(thousands)			(per cent)
1988.....	75.8	909.6	820.7	88.9	9.8
1989.....	76.5	939.2	857.5	81.7	8.7
1990.....	75.1	946.7	868.0	78.7	8.3
1991.....	75.5	977.2	874.5	102.7	10.5
1992.....	74.7	994.8	884.5	110.2	11.1
1993.....	74.4	1,020.6	920.4	100.2	9.8
1994.....	74.5	1,052.8	945.7	107.1	10.2
1995.....	73.0	1,060.8	963.0	97.8	9.2
1996.....	72.6	1,083.1	985.5	97.6	9.0
1997.....	71.8	1,099.2	1,001.4	97.8	8.9
1998.....	71.1	1,104.2	996.2	108.0	9.8

Females					
Year	Participation Rate	Labour Force	Employed	Unemployed	Unemployment Rate
		(thousands)			(per cent)
1988.....	57.0	700.9	623.6	77.3	11.0
1989.....	58.6	737.0	666.2	70.8	9.6
1990.....	58.6	757.2	693.4	63.8	8.4
1991.....	59.1	784.3	710.6	73.6	9.4
1992.....	59.6	814.5	734.7	79.7	9.8
1993.....	58.5	824.5	745.4	79.1	9.6
1994.....	59.1	860.1	787.1	72.9	8.5
1995.....	58.5	874.1	798.6	75.5	8.6
1996.....	58.6	898.3	820.3	78.1	8.7
1997.....	58.2	913.3	836.3	76.9	8.4
1998.....	58.8	938.4	864.2	74.1	7.9

Note: Totals may not add due to rounding.
Source: Statistics Canada.

Table A3.3 Population by Region at July 1

	Region 1 Vancouver Island/Coast	Region 2 Mainland/ Southwest	Region 3 Thompson/ Okanagan	Region 4 Kootenay	Region 5 Cariboo	Region 6 North Coast	Region 7 Nechako	Region 8 Northeast
	(thousands)							
1988.....	576	1,725	363	134	154	66	41	58
1989.....	592	1,782	370	135	154	66	41	58
1990.....	611	1,837	383	137	155	67	41	59
1991 ¹	629	1,885	396	138	156	68	42	60
1992.....	643	1,948	411	141	157	68	42	60
1993.....	661	2,006	428	144	161	69	42	61
1994.....	680	2,072	445	147	164	69	43	62
1995.....	695	2,136	457	150	169	70	44	64
1996 ¹	706	2,200	469	153	173	71	45	65
1997.....	718	2,244	480	155	178	72	46	66
1998.....	724	2,278	487	156	180	72	47	67

¹ Includes estimates of the net census undercount.

Source: BC STATS, Ministry of Finance and Corporate Relations.

Table A3.4 Labour Force Characteristics by Region, 1998

	Region 1 Vancouver Island/Coast	Region 2 Mainland/ Southwest	Region 3 Thompson/ Okanagan	Region 4 Kootenay	Region 5 Cariboo	Regions 6 and 7 North Coast and Nechako	Region 8 Northeast
Population 15+ (000s).....	576.9	1,810.9	381.9	121.5	128.0	80.2	51.1
Labour force (000s).....	358.5	1,189.1	231.4	79.3	93.8	55.2	35.2
Employment (000s).....	323.4	1,091.5	212.1	69.8	80.0	49.8	33.9
Unemployment (000s) ¹	35.1	97.7	19.3	9.6	13.7	5.4	—
Unemployment rate (per cent)	9.8	8.2	8.3	12.1	14.6	9.8	—
Participation rate (per cent)	62.1	65.7	60.6	65.3	73.3	68.8	68.9
Employment rate (per cent)	56.1	60.3	55.5	57.4	62.5	62.1	66.3

¹ Will not add to the total provincial unemployment rate figure due to rounding.

Source: Statistics Canada.

Table A3.5 Employment by Industry in British Columbia

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
	(thousands)										
Total — all industries	1,444	1,524	1,561	1,585	1,619	1,666	1,733	1,762	1,806	1,838	1,860
Primary industries	91	88	79	86	77	79	81	83	84	87	76
Agriculture	35	30	28	34	32	34	29	28	34	33	29
Forestry	27	30	25	26	24	26	32	36	28	30	27
Fishing and trapping	8	9	8	9	8	8	8	5	6	7	4
Mining	20	18	18	16	14	12	12	14	16	17	16
Manufacturing	177	187	184	183	177	187	196	192	207	201	206
Food and beverages	22	20	19	21	19	20	27	21	22	20	24
Wood products	46	52	50	45	49	55	53	47	49	49	48
Paper and allied	21	25	19	20	19	20	20	23	24	23	23
Printing, publishing and allied	18	17	16	17	20	20	20	19	25	21	21
Primary metals	12	9	12	10	8	9	9	10	10	8	9
Metal fabrication	13	12	11	13	11	10	13	12	10	13	12
Transportation equipment	7	9	10	10	8	6	8	9	8	12	13
Other manufacturing	38	44	47	47	43	46	45	51	59	55	56
Construction	92	105	114	110	119	115	141	126	127	129	122
General contractors	37	40	41	43	43	43	50	38	39	40	37
Special trade contractors	56	63	70	64	74	71	88	84	84	85	82
Transportation, communications and other utilities	114	127	136	138	137	136	131	140	138	146	148
Transportation	70	76	83	88	87	85	82	81	85	86	86
Communications	31	38	39	37	38	38	34	43	38	42	44
Electric, gas and water utilities	10	11	12	11	13	14	12	13	12	13	16
Storage	*	*	*	*	*	*	*	*	*	*	*
Trade	271	289	299	286	306	318	303	317	317	323	339
Wholesale trade	70	77	73	77	86	94	82	88	91	95	91
Retail trade	200	212	226	210	218	224	221	229	226	228	248
Finance, insurance and real estate	97	95	95	94	109	101	111	111	113	106	105
Finance	48	49	41	41	42	44	48	48	48	49	45
Insurance carriers	11	13	14	18	16	12	16	17	15	16	17
Insurance and real estate	37	35	40	35	51	46	47	46	49	42	43
Service industries	514	542	569	600	599	628	671	694	715	754	774
Education and related services	88	94	97	108	107	118	123	121	123	129	123
Health and welfare services	133	129	137	149	151	155	161	164	175	193	194
Religious organizations	7	6	6	6	7	7	8	7	7	8	7
Amusement and recreational services	17	22	26	23	24	26	33	35	39	38	34
Services to business management	85	91	99	105	99	105	114	125	135	138	157
Personal services	41	36	39	42	40	42	44	47	47	48	49
Accommodation and food services	105	121	116	119	123	118	135	137	137	147	148
Miscellaneous services	37	42	47	47	48	55	53	59	52	55	61
Public administration	88	92	87	89	94	102	100	99	106	91	92
Federal administration	30	33	31	35	32	33	31	31	36	29	28
Provincial administration	32	31	28	26	33	33	38	38	38	32	31
Local administration	27	29	28	28	29	36	31	30	32	29	33
Other government offices	*	*	*	*	*	*	*	*	*	*	*

Note: An asterisk (*) indicates employment of less than 4,000 persons. Totals may not add due to rounding.

Source: Statistics Canada, Labour Force Survey (unpublished data).

Produced by: BC STATS, Ministry of Finance and Corporate Relations.

Appendix 4: Industrial Structure and Performance

Table A4.1 Historical British Columbia Farm Cash Receipts¹

Year	Crops			Livestock				Total
	Floriculture and Nursery	Fruits and Vegetables Including Potatoes	Grain and Other Crops	Dairy Products	Poultry and Eggs	Other Livestock and Products	Other	
	(\$ millions)							
1985.....	76	210	66	228	153	247	80	1,061
1986.....	92	222	50	232	159	267	85	1,106
1987.....	101	231	52	231	170	284	52	1,122
1988.....	143	234	76	237	177	257	83	1,206
1989.....	155	236	74	243	198	273	76	1,255
1990.....	195	210	71	250	214	294	64	1,299
1991.....	203	248	73	258	216	279	63	1,340
1992.....	191	293	82	260	217	318	67	1,427
1993.....	198	274	94	268	234	342	42	1,452
1994.....	207	305	127	282	255	337	30	1,543
1995.....	217	366	147	292	268	283	25	1,599
1996.....	263	358	156	306	306	291	32	1,713
1997.....	288	357	127	323	296	335	34	1,759
1998 (preliminary).....	301	372	138	336	304	343	34	1,828

¹ Farm cash receipts exclude inter-farm sales within the province and on-farm use of own products.

Note: All data have been revised as a result of benchmarking to the 1996 Census of Agriculture. Totals may not add due to rounding.

Source: Statistics Canada.

Table A4.2 Historical British Columbia Fish Production

Year	Wholesale Value ¹					Total Wholesale	Total Landed Value ⁶
	Salmon ²	Halibut ³	Herring	Ground-fish ⁴	Shellfish ⁵		
	(\$ millions)						
1989.....	659	27	158	98	72	1,015	513
1990.....	649	28	169	117	69	1,032	559
1991.....	499	29	147	130	72	877	492
1992.....	496	24	137	133	117	907	533
1993.....	605	38	172	123	120	1,058	605
1994.....	647	53	194	130	138	1,162	735
1995 (preliminary).....	501	46	208	131	149	1,034	587
1996 (preliminary).....	448	51	191	125	159	973	589
1997 (estimate).....	498	59	117	142	159	974	585
1998 (estimate).....	425	68	105	141	138	877	526

¹ Wholesale value includes the value of fish wholly or partially processed, and raw fish sold through brokers.

² Includes salmon aquaculture production and production derived from U.S. salmon.

³ Includes halibut landings at U.S. ports by British Columbia fish harvesters.

⁴ Includes hake landings to foreign vessels, plus minor fish species not listed.

⁵ Includes shellfish aquaculture production.

⁶ Landed value is the value of raw fish landed at the dock.

Note: Totals may not add due to rounding. Numbers have been revised to account for late receipt of information and other historical revisions.

These numbers supersede those in previous editions.

Sources: Ministry of Fisheries; Department of Fisheries and Oceans, Canada.

Table A4.3 Timber Scaled (Logged) by Species

Species	1993	1994	1995	1996	1997	1998	1998 Per Cent of Total
(million cubic metres)							
Lodgepole pine	18.5	18.3	18.3	20.4	18.5	17.7	26.8
Spruce	16.4	14.8	13.6	14.2	12.0	12.3	18.6
Hemlock	13.4	12.6	12.8	10.9	10.0	8.4	12.7
Douglas fir	7.9	7.8	8.2	8.3	8.3	8.3	12.7
Balsam	12.2	11.7	11.4	10.6	9.2	8.0	12.1
Cedar	7.7	6.7	7.3	6.5	6.3	6.1	9.2
All others	3.1	3.8	4.9	4.3	4.3	5.3	8.0
Total	<u>79.2</u>	<u>75.7</u>	<u>76.5</u>	<u>75.2</u>	<u>68.6</u>	<u>66.0</u>	<u>100.0</u>

Note: Totals may not add due to rounding.
Source: Ministry of Forests.

Table A4.4 Volume of Mature Timber as of April 1999

Species	Coast Volume	Per Cent of Coast	Interior Volume	Per Cent of Interior	Total Volume	Per Cent of Total
	(million cubic metres)		(million cubic metres)		(million cubic metres)	
Lodgepole pine	12	0.6	1,858	33.7	1,871	24.1
Spruce	75	3.4	1,489	27.0	1,564	20.2
Hemlock	1,040	46.7	463	8.4	1,504	19.4
Balsam	245	11.0	879	15.9	1,124	14.5
Cedar	705	31.6	119	2.2	823	10.6
Douglas fir	131	5.9	317	5.7	448	5.8
Deciduous	18	0.8	367	6.7	385	5.0
Other coniferous	—	—	30	0.5	30	0.4
Total	<u>2,227</u>	<u>100.0</u>	<u>5,522</u>	<u>100.0</u>	<u>7,749</u>	<u>100.0</u>

Note: Total of timber supply areas and tree farm licences. Mature volumes represent gross volumes less decay, waste and breakage. Totals may not add due to rounding.
Source: Council of Forest Industries.

Table A4.5 Mineral Production, 1997 and 1998

	Unit	1997		1998 (estimate)	
		Quantity	Value	Quantity	Value
		(thousands)	(\$ millions)	(thousands)	(\$ millions)
Metals					
Copper.....	(kilograms)	220,127	696.6	277,078	681.3
Gold.....	(grams)	17,513	258.1	21,767	303.9
Lead.....	(kilograms)	45,980	39.7	31,333	24.4
Molybdenum.....	(kilograms)	7,594	87.6	7,563	82.4
Silver.....	(grams)	454,029	101.1	451,424	118.8
Zinc.....	(kilograms)	159,152	290.0	153,612	231.3
Other.....		—	21.9	—	21.4
Total.....		—	<u>1,495.3</u>	—	<u>1,463.6</u>
Industrial minerals					
Barite.....	(tonnes)	—	3.1	—	2.8
Sulphur in smelter gas.....	(tonnes)	68	5.1	69	4.8
Others.....		—	38.8	—	42.1
Total.....		—	<u>46.9</u>	—	<u>49.7</u>
Structural materials					
Cement.....	(tonnes)	1,822	175.4	1,884	187.5
Sand and gravel.....	(tonnes)	32,999	151.9	31,345	146.2
Stone.....	(tonnes)	6,266	43.5	6,125	47.1
Other.....		—	27.1	—	23.5
Total.....		—	<u>397.9</u>	—	<u>404.3</u>
Coal					
Metallurgical.....	(tonnes)	25,002	1,109.8	23,662	1,042.5
Thermal.....	(tonnes)	2,810	80.8	1,643	45.4
Total coal.....	(tonnes)	27,812	<u>1,190.6</u>	25,305	<u>1,087.9</u>
Total solid minerals.....		—	<u>3,130.4</u>	—	<u>3,005.6</u>

Note: Totals may not add due to rounding.

Conversion table:

0.9072 tonnes = one ton.

0.4536 kilograms = one pound.

31.1035 grams = one troy ounce.

Source: Ministry of Energy and Mines.

Table A4.6 Historical Value of Metal Production

Year	Copper	Gold	Lead	Molybdenum	Silver	Zinc	Other	Total
(\$ millions)								
1987.....	842	239	50	122	123	109	7	1,492
1988.....	1,117	229	74	116	113	212	14	1,876
1989.....	1,003	236	46	112	105	241	13	1,757
1990.....	985	232	16	88	115	103	6	1,546
1991.....	846	238	33	67	74	152	7	1,419
1992.....	892	219	42	55	53	171	5	1,438
1993.....	721	205	22	68	38	114	8	1,175
1994.....	797	206	43	113	29	157	9	1,354
1995.....	1,119	328	52	203	106	192	17	2,016
1996.....	725	306	53	100	109	215	29	1,537
1997.....	697	258	40	88	101	290	22	1,495
1998 (estimate).....	681	304	24	82	119	231	21	1,464

Note: Totals may not add due to rounding.
Source: Ministry of Energy and Mines.

Table A4.7 Historical Value of Mineral, Petroleum and Natural Gas Production

Year	Metals	Industrial Materials	Structural Materials	Coal	Crude Oil	Natural Gas to Pipeline	Other Oil and Gas	Total
(\$ millions)								
1988.....	1,876	111	258	979	206	477	53	3,960
1989.....	1,757	125	297	1,001	263	495	25	3,963
1990.....	1,559	119	313	980	318	537	42	3,868
1991.....	1,419	86	312	938	247	555	32	3,589
1992.....	1,438	45	305	749	260	587	38	3,422
1993.....	1,175	41	335	797	233	810	41	3,432
1994.....	1,354	47	370	905	259	894	50	3,879
1995.....	2,016	58	395	968	272	708	57	4,474
1996.....	1,537	42	398	1,110	441	817	78	4,423
1997.....	1,495	47	398	1,191	496	1,075	64	4,765
1998 (estimate).....	1,464	50	404	1,088	378	1,133	72	4,588

Note: Totals may not add due to rounding.
Source: Ministry of Energy and Mines.

Table A4.8 Petroleum and Natural Gas Activity Indicators

Indicator	Unit of Measure	1996	1997	1998	Change ¹ 1997-1998
(per cent)					
Natural gas production (wellhead) ²	(billion cubic metres)	23.5	24.7	25.3	2.4
Crude oil and condensate.....	(million cubic metres)	2.3	2.6	2.8	7.1
Wells authorized.....	(number)	597	845	694	-17.9
Wells drilled.....	(number)	462	583	652	11.8
Seismic crew-weeks.....	(number)	160	190	112	-41.1
Provincial reserves					
Marketable gas (remaining reserves).....	(billion cubic metres)	244	230	226	-1.7
Oil (remaining reserves).....	(million cubic metres)	21	25	25	2.0
Provincial government petroleum and natural gas revenue ³	(\$ millions)	367.5	510.5	360.5	-29.4

¹ Percentages may not calculate due to rounding.

² Includes gas coming out of storage.

³ Fiscal year basis (e.g. 1998 represents the year ending March 31, 1998). Includes royalties, disposition bonuses, permits, fees and rentals, bonus bids, permits, fees, leases and rentals.

Source: Ministry of Energy and Mines; Oil and Gas Commission.

Table A4.9 Value of Manufacturing Shipments

Industry	1996		1997		1998		Change 1997-1998
	(\$ millions)	Per Cent of Total Manufac- turing	(\$ millions)	Per Cent of Total Manufac- turing	(\$ millions)	Per Cent of Total Manufac- turing	
Wood.....	11,018	32.5	11,437	33.0	10,190	30.2	-10.9
Paper and allied products.....	5,789	17.1	5,412	15.6	5,436	16.1	0.4
Food.....	4,018	11.8	3,871	11.2	3,659	10.9	-5.5
Fabricated metal products.....	1,591	4.7	1,687	4.9	1,750	5.2	3.7
Refined petroleum and coal.....	1,715	5.1	1,753	5.1	1,596	4.7	-9.0
Primary metals.....	1,239	3.6	1,314	3.8	1,255	3.7	-4.5
Transportation equipment.....	1,217	3.6	1,296	3.7	1,657	4.9	27.9
Machinery (except electrical).....	1,083	3.2	1,281	3.7	1,335	4.0	4.2
Printing and publishing.....	1,220	3.6	1,198	3.5	1,184	3.5	-1.2
Electrical and electrical products.....	879	2.6	1,000	2.9	1,114	3.3	11.5
Chemicals and chemical products.....	952	2.8	994	2.9	977	2.9	-1.8
Non-metallic mineral products.....	913	2.7	879	2.5	875	2.6	-0.5
Beverages.....	699	2.1	765	2.2	754	2.2	-1.4
Plastics.....	596	1.8	691	2.0	729	2.2	5.5
Clothing.....	238	0.7	278	0.8	297	0.9	6.6
Furniture and fixtures.....	208	0.6	215	0.6	245	0.7	13.8
Textile products.....	129	0.4	132	0.4	144	0.4	9.0
Other.....	430	1.3	469	1.4	522	1.5	11.3
Total.....	33,933	100.0	34,671	100.0	33,717	100.0	-2.8

Note: Based on the 1980 Standard Industrial Classification. Totals may not add and percentages may not calculate due to rounding.
Source: Statistics Canada.
Produced by: BC STATS, Ministry of Finance and Corporate Relations.

Table A4.10 Forest Sector Economic Activity Indicators

Indicator	1994	1995	1996	1997	1998	Change ¹ 1997-1998
Wood production						(per cent)
Timber scaled (logged).....	75.6	76.5	75.2	68.6	66.0	-3.8
Lumber.....	33.7	32.6	32.7	31.6	30.2	-4.4
Plywood.....	1.55	1.52	1.48	1.48	1.39	-6.1
Pulp and paper production.....	7.62	7.61	7.29	7.10	7.07	-0.4
Market pulp.....	4.76	4.57	4.38	4.53	4.45	-1.8
Newsprint, paper and paperboard.....	2.95	2.84	2.82	2.57	2.75	7.0
Industrial product price indices						(1992=100)
Softwood lumber — British Columbia.....	159.6	136.1	159.6	167.8	145.3	-13.4
Douglas fir plywood.....	133.2	131.5	133.1	131.9	121.9	-7.6
Bleached sulphate pulp for export.....	111.7	182.8	121.9	117.3	114.7	-2.2
Newsprint for export.....	107.8	150.7	155.9	135.0	150.3	11.3

¹ Percentage change based on unrounded numbers.

Sources: Timber scaled — Ministry of Forests.

Lumber and plywood production — Statistics Canada.

Pulp and paper production — Canadian Pulp and Paper Association.

Industrial product price indices — Statistics Canada.

Table A4.11 Housing Starts in British Columbia by Type of Structure

Type of Structure	1994	1995	1996	1997	1998	Change 1997-1998 (per cent)
Single detached.....	16,591	11,581	12,447	12,911	8,691	-32.7
Semi-detached.....	2,539	1,607	1,528	1,979	1,218	-38.5
Row.....	5,164	2,964	3,364	3,469	2,117	-39.0
Apartment and other.....	15,114	10,905	10,302	10,992	7,905	-28.1
Total.....	<u>39,408</u>	<u>27,057</u>	<u>27,641</u>	<u>29,351</u>	<u>19,931</u>	-32.1

Source: Canada Mortgage and Housing Corporation.

Table A4.12 Supply and Consumption of Electrical Energy in British Columbia

Year	Supply				Consumption		
	Net Generation		Receipts From Other Provinces and Imports	Total Provincial Supply	Delivered To Other Provinces and Exports	Total Provincial Consumption	
	Hydro	Thermal					
	(Gigawatt-hours ¹)						
1988.....	58,573	2,370	60,943	2,351	63,294	9,215	54,078
1989.....	51,082	6,573	57,655	4,500	62,155	6,583	55,572
1990.....	57,245	3,417	60,662	3,233	63,895	6,689	57,206
1991.....	60,149	2,832	62,981	2,272	65,253	7,725	57,528
1992.....	60,555	3,503	64,058	2,685	66,743	9,473	57,270
1993.....	53,057	5,717	58,774	5,691	64,465	5,605	58,860
1994.....	53,979	7,036	61,015	7,836	68,851	9,541	59,311
1995.....	49,814	8,192	58,006	6,385	64,391	3,972	60,419
1996.....	67,329	4,418	71,747	3,289	75,036	10,390	64,646
1997.....	61,733	4,960	66,693	4,316	71,009	12,114	58,894
1998.....	60,206	6,547	66,753	5,056	71,809	10,619	61,190

¹ Gigawatt-hour=one million kilowatt-hours.

Note: Totals may not add due to rounding.

Source: Statistics Canada.

Table A4.13 British Columbia Retail Sales by Trade Group

Trade Group	1995	1996	1997	1998	Change 1997-1998 (per cent)
	(\$ millions)				
Supermarkets and grocery stores.....	7,325	7,310	7,781	7,628	-2.0
All other food stores.....	571	686	624	566	-9.3
Drugs and patent medicine stores.....	1,561	1,648	1,776	1,686	-5.1
Shoe stores.....	201	190	188	190	1.3
Men's clothing stores.....	227	193	199	187	-6.0
Women's clothing stores.....	582	533	542	530	-2.1
Other clothing stores.....	657	680	769	784	1.9
Household furniture and appliance stores.....	1,376	1,429	1,486	1,446	-2.7
Other household furnishings stores.....	351	364	418	402	-3.9
Motor vehicle and recreational vehicle dealers.....	8,287	8,183	8,253	7,837	-5.0
Gasoline service stations.....	2,021	2,167	2,442	2,405	-1.5
Automotive parts, accessories and services.....	1,236	1,429	1,635	1,646	0.7
General merchandise stores.....	3,310	3,481	3,715	3,772	1.6
Other semi-durable goods stores.....	1,194	1,232	1,220	1,138	-6.7
Other durable goods stores.....	941	917	1,035	1,125	8.6
Other retail stores.....	<u>1,658</u>	<u>1,629</u>	<u>1,655</u>	<u>1,704</u>	3.0
Total — all stores.....	<u>31,496</u>	<u>32,071</u>	<u>33,736</u>	<u>33,045</u>	-2.0

Note: Totals may not add due to rounding.

Source: Statistics Canada.

Table A4.14 British Columbia Financial Activity Indicators

Indicator	Units	1996	1997	1998	Change 1997-1998
					(per cent)
Chartered banks					
Employees (July).....	(number)	22,914	26,520	25,925	-2.2
Branches (October).....	(number)	922	925	945	2.2
Automated banking machines (October).....	(number)	1,968	2,067	2,165	4.7
Business loans outstanding (December) ¹	(\$ millions)	12,670	14,323	14,708	2.7
Personal loans outstanding (December).....	(\$ millions)	12,832	13,866	13,058	-5.8
Credit unions (December)					
Credit unions.....	(number)	100	96	86	-10.4
Members.....	(thousands)	1,398	1,419	1,423	0.2
Total assets.....	(\$ millions)	19,518	20,447	21,344	4.4
Vancouver Stock Exchange					
Volume of shares traded.....	(millions)	8,320	7,122	5,258	-26.2
Value of shares traded.....	(\$ millions)	11,986	8,971	3,791	-57.7
Transactions.....	(thousands)	2,695	2,081	1,195	-42.6

¹Excludes agricultural loans.

Sources: Chartered Banks — Canadian Bankers' Association and Bank of Canada.

Credit Unions — Credit Union Central of B.C.

Vancouver Stock Exchange — Vancouver Stock Exchange.

Table A4.15 British Columbia Real Estate Market Indicators

Indicator	1996	1997	1998	Change 1997-1998	
					(per cent)
Housing starts (number)					
Single units.....	12,447	12,911	8,691	-32.7	
Multiple units.....	15,194	16,440	11,240	-31.6	
Total.....	<u>27,641</u>	<u>29,351</u>	<u>19,931</u>	-32.1	
Multiple listing service activity					
Sales of listed homes (number).....	72,182	68,182	52,910	-22.4	
Average price (dollars).....	218,687	220,512	212,046	-3.8	
Apartment vacancy rates ¹ (per cent)					
Vancouver.....	1.1	1.7	2.7	—	
Victoria.....	2.6	3.4	3.8	—	
Kamloops.....	3.2	4.7	9.1	—	
Kelowna.....	4.0	3.9	4.4	—	
Prince George.....	4.5	5.6	12.2	—	
Cranbrook.....	10.8	10.9	12.5	—	

¹ October vacancy rate survey.

Source: Canada Mortgage and Housing Corporation, and the Canadian Real Estate Association.

Table A4.16 British Columbia Tourism Revenue and Overnight Visitors

Origin	Revenue		Revenue Change	Overnight Visitors		Visitor Change
	1997	1998 ¹	1997-1998	1997	1998 ¹	1997-1998
	(\$ millions)		(per cent)	(thousands)		(per cent)
British Columbia.....	<u>2,345</u>	<u>2,380</u>	1.5	<u>10,654</u>	<u>10,654</u>	—
“Short haul” regional						
Alberta.....	1,254	1,299	3.5	2,824	2,880	2.0
Other Canadian.....	373	382	2.5	694	701	1.0
Washington State.....	700	782	11.7	2,032	2,236	10.1
Oregon State.....	125	140	11.7	292	321	10.1
Other United States.....	<u>78</u>	<u>87</u>	11.7	<u>278</u>	<u>306</u>	10.1
Subtotal.....	<u>2,531</u>	<u>2,690</u>	6.3	<u>6,120</u>	<u>6,445</u>	5.3
North America “long haul”						
Ontario.....	695	712	2.5	863	872	1.0
Other Canadian.....	262	266	1.5	292	292	—
California.....	420	469	11.7	715	787	10.1
Other United States.....	617	689	11.7	1,026	1,129	10.1
Mexico.....	<u>26</u>	<u>36</u>	35.0	<u>39</u>	<u>52</u>	33.0
Subtotal.....	<u>2,020</u>	<u>2,172</u>	7.5	<u>2,935</u>	<u>3,132</u>	6.7
Asia and Oceania						
Japan.....	312	287	-8.3	334	302	-9.7
Hong Kong.....	92	98	6.9	86	90	5.3
Taiwan.....	119	110	-7.1	97	88	-8.5
South Korea.....	77	36	-52.9	81	38	-53.5
Australia.....	131	140	6.3	115	120	4.8
New Zealand.....	44	36	-17.6	39	31	-18.8
Other Asia/Pacific.....	<u>167</u>	<u>113</u>	-32.3	<u>155</u>	<u>104</u>	-33.3
Subtotal.....	<u>942</u>	<u>821</u>	-12.9	<u>907</u>	<u>774</u>	-14.7
Europe						
United Kingdom.....	233	253	8.7	222	238	7.1
Germany.....	166	154	-7.2	141	129	-8.6
Switzerland.....	13	12	-9.5	11	10	-10.8
Austria.....	31	33	5.5	26	27	4.0
France.....	27	24	-9.1	33	30	-10.4
Netherlands.....	46	44	-4.9	58	54	-6.3
Italy.....	16	20	26.5	20	25	24.7
Other Europe.....	<u>80</u>	<u>85</u>	6.9	<u>104</u>	<u>110</u>	5.3
Subtotal.....	<u>611</u>	<u>625</u>	2.2	<u>616</u>	<u>623</u>	1.1
Other overseas.....	<u>62</u>	<u>72</u>	16.2	<u>124</u>	<u>142</u>	14.4
Total.....	<u>8,510</u>	<u>8,759</u>	2.9	<u>21,356</u>	<u>21,769</u>	1.9

¹ Preliminary estimates.

Note: Totals may not add and percentages may not calculate due to rounding.

Source: Tourism British Columbia.

Appendix 5: The Provincial Government and Intergovernmental Relations

Table A5.1 Provincial Taxes (as of July 1999)

Type and Statute Reference	Tax Base	Tax Rate	Characteristics and Exemptions
Income— <i>Income Tax Act</i>	Taxable income: (1) Corporation (2) Personal	16.5% of taxable income (small business rate: 5.5%). 49.5% of basic federal tax payable. High income surtax of 30% of provincial tax in excess of \$5,300 plus 19% of provincial tax in excess of \$8,660.	Collected under agreement by Revenue Canada. BC Family Bonus and BC Earned Income Benefit are combined with the federal government's Canada Child Tax Benefit in a single monthly payment to families. Tax credits for claims against personal and corporate income taxes include the refundable sales tax credit, refundable venture capital tax credit for individuals and non-refundable venture capital tax credit for corporations. Other non-refundable tax credits include the logging tax credit, provincial political contributions tax credit and provincial royalty tax credit. Refundable tax credits for film and mineral exploration are also available.
Capital — <i>Corporation Capital Tax Act</i>	Adjusted paid-up capital for general corporations includes share capital, retained earnings and surpluses, liabilities and deferred credits less deductions for current accounts payable, specific investments and purchases of new capital assets. Special definition of adjusted paid-up capital for banks, trust companies, credit unions and investment dealers.	General Rate: 0.3%. Banks, trust companies and credit unions with net paid-up capital: greater than \$1 billion — 3%; \$1 billion or less or based in British Columbia — 1%.	Associated groups of corporations with net paid-up capital of less than \$2.5 million are exempt from the tax. Family farm, cooperative, non-profit and other specified corporations are also exempt. The tax rate is phased in for corporations with net British Columbia paid-up capital between \$2.5 million and \$2.75 million. Special flat fee for corporations above the exemption threshold but with net paid-up capital allocated to British Columbia below the threshold.
Real Property Transfers — <i>Property Transfer Tax Act</i>	Fair market value of property or interest in property transferred.	1% on the first \$200,000 of value transferred and 2% on amounts in excess of \$200,000.	Exemptions include: transfer of a principal residence, recreational residence or family farm to a related individual; an inter-spousal transfer of property pursuant to a written separation agreement or court order; transfers of property to local governments; transfers of property to a registered charity and educational institution; transfers of property to veterans under the <i>Veterans' Land Act</i> (Canada); transfers of land to be protected, preserved, conserved or kept in a natural state; and transfers of leases less than 31 years in duration. A number of technical exemptions are also provided. Eligible first time home-buyers are exempt from the tax.
Retail Sales — <i>Social Service Tax Act</i>	Purchase and lease price of tangible personal property, repair labour and legal services.	General rate is 7%. Liquor 10%. Passenger vehicles: under \$32,000 — 7%; \$32,000 to \$33,000 — 8%; \$33,000 to \$34,000 — 9%; greater than \$34,000 — 10%.	Collected through vendors and lessors registered under the act and paid by purchasers and lessees. Many exemptions generally fall into four categories: (1) items considered to be basic necessities of life such as food and prescription and non-prescription drugs; (2) assistance to certain industries such as the exemption of special equipment used by <i>bona fide</i> farmers, fishers and aquaculturists and the exemption of grinding media, explosives and drill bits used in mining; (3) safety-related equipment such as high-visibility vests, steel-toed boots and life jackets; (4) insulation material for buildings.
Accommodation — <i>Hotel Room Tax Act</i>	Purchase price of accommodation	8%. Eligible local governments may apply to have the province levy an additional tax of up to 2% in specified areas on their behalf.	Exemptions include accommodation rented for a period in excess of two months; lodging provided in hospitals and nursing homes; lodging supplied to employees by employers; lodging on ships or trains; hotel rooms not used for accommodation; charges of \$20 or less per day; charitable institutions; trailer parks and campsites; cabins without utilities and other amenities; and establishments with accommodation for less than four tenants.
Tobacco — <i>Tobacco Tax Act</i>	By cigarette, cigar retail price, and weight on other tobacco products.	11 cents per cigarette and tobacco stick; 77% of retail price on cigars to a maximum tax of \$5 per cigar; 11 cents per gram of loose tobacco.	



Table A5.1 Provincial Taxes (as of July 1999)—Continued

Type and Statute Reference	Tax Base	Tax Rate	Characteristics
Motor Fuel — <i>Motor Fuel Tax Act</i>			Tax generally applies to all fuels used in internal combustion engines. Compressed natural gas, propane and 85% methanol and ethanol blends used to propel motor vehicles are exempt. Qualifying persons with disabilities who own or lease a vehicle are entitled to refunds of provincial tax paid up to an annual maximum of \$400. The province collects an additional tax on clear gasoline and motive fuel on behalf of local transit commissions to help cover transit costs. The tax amounts to 4 cents per litre in the Vancouver Regional Transit service area and 2.5 cents per litre in the Victoria Regional Transit service area.
	◆ Clear gasoline (unleaded gasoline only)	As of July 1, 1997, 11 cents per litre. Includes 3 cents per litre collected on behalf of the BC Transportation Financing Authority and 1 cent per litre collected on behalf of the British Columbia Ferry Corporation.	
	◆ Motive fuel	11.5 cents per litre. Includes 3 cents per litre collected on behalf of the BC Transportation Financing Authority, 1 cent per litre on behalf of the British Columbia Ferry Corporation and 4 cents collected on behalf of TransLink, formerly known as the Greater Vancouver Transportation Authority.	Tax applies to any fuel except unleaded gasoline, gasohol, natural gas, propane and butane used in a motor vehicle. Refunds of 0.5 cents per litre are available for motive fuel used in private passenger vehicles.
	◆ Auto Propane	7%.	Base price of propane used in automobiles is taxed at the social services tax rate.
	◆ Coloured fuel, marine diesel fuel	3 cents per litre.	Coloured fuel may only be used for specified primary production and industrial uses. <i>Bona fide</i> farmers are exempt from paying the tax when fuel is used for farming purposes.
	◆ Aviation and locomotive fuel.	3 cents per litre.	Aviation fuel tax applies to fuel produced specifically for use in an aircraft that is not propelled by a turbine.
	◆ Jet fuel — domestic.	5 cents per litre.	Jet fuel tax applies to fuel produced specifically for use in an aircraft that is propelled by a turbine. Domestic flights originate and end in Canada.
	◆ Jet fuel — international.	2 cents per litre.	International flights originate or end outside of Canada.
	◆ Natural gas used in stationary engines.	7% of price if purchased. 1.1 cents per 810.32 litres if used but not purchased.	Tax applies to natural gas used in stationary engines other than pipeline compressors.
	◆ Natural gas used in pipeline compressors.	1.9 cents per 810.32 litres.	Tax applies to natural gas used in a stationary engine at a pipeline compressor station.
	◆ Marine bunker.	7% of purchase price.	Tax applies to bunker fuel, or a combination of bunker and other fuels used as fuel in a ship.
Race-meetings — <i>Horse Racing Tax Act</i>	Parimutuel betting pool.	7%.	Net provincial tax is 3/7 of total paid, except for tax paid on simulcast races and teletheatre betting, where the net provincial tax is 1/7 and 2/7 of tax paid respectively. Remainder of total tax paid is used to increase purses, maintain a breeders incentive fund, make grants for breeders societies, operate race courses and horse racing meets, for equine health research and for capital construction projects and related research costs.



Table A5.1 Provincial Taxes (as of July 1999)—Continued

Type and Statute Reference	Tax Base	Tax Rate	Characteristics
Natural resources — <i>Logging Tax Act</i>	Net income from logging.	10% (fully recoverable against federal and provincial corporation income tax).	Net income from logging after deducting investment and non-forestry income and a processing allowance.
<i>Mining Tax Act</i>	All income from mining operations if mining income exceeds \$50,000.	12.5%.	Net income from mining after deduction of investment and non-mining income and a processing allowance. Tax not applicable to income from petroleum, natural gas or minerals taxed under the <i>Mineral Tax Act</i> .
<i>Mineral Land Tax Act</i>	Assessed value of freehold mineral land and production areas.	Undesignated mineral land — \$1.25 to \$4.94 per hectare. Designated production areas — \$4.94 per hectare.	Rates of tax set on sliding scale, dependent on areas and designation of land.
<i>Mineral Tax Act</i>	Cash flow from individual metal and coal mines (other than placer gold mines). Value of minerals sold by placer gold mines.	2% net current proceeds (NCP). 13% net revenue (NR). 0.5% of value of minerals sold.	Tax calculated on a mine-by-mine basis. NCP tax paid on current operating cash flow until all current and capital costs, plus any investment allowance, are recovered. NR tax paid thereafter on cumulative cash flow. NCP tax creditable against NR tax.
Insurance — <i>Insurance Premium Tax Act</i>	Direct premiums written.	4% for vehicle and general insurance; 2% for life, sickness, personal accident and loss of salary and wages insurance.	Exemptions — benefit societies; mutual corporations with 50% of income from farm or 100% from religious, educational or charitable institutions; marine, except pleasure craft; approved medical or hospitalization plans.
Real property — <i>Taxation (Rural Area) Act</i>	Assessed value of land and improvements in rural areas (outside municipalities). Assessment determined under the <i>Assessment Act</i> .	Annual rates are 0.05% for farms and managed forest land; 0.101% for residential; 0.17% for recreational property/non-profit organizations; 0.37% for light industry, business and other property not contained in any other class; 0.42% for utilities; 0.45% for major industry and unmanaged forest land.	
Residential school tax — <i>School Act</i>	Assessed value of residential land and improvements. Assessment determined under the <i>Assessment Act</i> .	Annual rates vary by school district; ranges from about 0.25% to 0.9%; weighted average 0.37%.	Basic rates are calculated using a formula to moderate effects of varying average assessments on school district taxes. School districts may levy additional tax if authorized by local referendum.
Non-residential school tax — <i>School Act</i>	Assessed value of non-residential land and improvements. Assessment determined under the <i>Assessment Act</i> .	Annual rates are 0.45% for recreational property/non-profit organizations; 0.23% for managed forest land; 0.68% for farms; 0.99% for light industry, business and other property not contained in any other class; 1.2% for unmanaged forest land; 1.25% for major industry; 1.5% for utilities.	



Table A5.2 Interprovincial Comparisons of Tax Rates (as of July 1999)

	British Columbia	Alberta	Saskat- chewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New- foundland
Personal income tax ¹										
Per cent of basic federal tax.....	49.5	44.0	48.0	48.5	39.5	n/a	60.0	57.5	58.5	69.0
Flat tax ²	n/a	0.5	2.0	2.0	n/a	n/a	n/a	n/a	n/a	n/a
Surtax rate ³	30.0/19.0	8.0	10.0/15.0	2.0	20.0/36.0	n/a	8.0	10.0	10.0	10.0
Threshold.....	\$5,300/ \$8,660	\$3,500	\$1/ \$4,000	Net income >\$30,000	\$3,750/ \$4,681	n/a	\$13,500	\$10,000	\$5,200	\$7,900
Provincial personal income tax (as a per cent of family income) ⁴										
	5.6	5.4	7.5	6.9	4.4	8.4	6.8	6.5	6.7	7.8
Corporation income tax (per cent of taxable income) ⁵										
General rate.....	16.5	15.5	17.0	17.0	15.5	9.15	17.0	16.0	16.0	14.0
Small business rate.....	5.5	6.0	8.0	8.0	8.5	9.15	6.0	5.0	7.5	5.0
Corporation capital tax (per cent) ⁶										
Non-financial.....	0.3	<i>Nil</i>	0.6	0.3/0.5	0.3	0.64	0.3	0.25	<i>Nil</i>	<i>Nil</i>
Financial.....	1.0/3.0	2.0	3.25	3.0	0.99	1.32	3.0	3.0	3.0	4.0
Health care monthly premiums (individual/family) ⁷										
	\$36/\$72	\$34/\$68	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Payroll tax (per cent) ⁸										
	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	2.15	1.95	4.26	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	2.0
Insurance premium tax (per cent) ⁹										
	2.0-4.0	2.0-3.0	2.0-3.0	2.0-3.0	2.0-3.5	2.0-3.0	2.0-3.0	3.0-4.0	3.5	4.0
Fuel tax (cents per litre) ¹⁰										
Gasoline.....	11.0	9.0	15.0	11.5	14.7	19.2	10.7	13.5	13.0	16.5
Diesel.....	11.5	9.0	15.0	10.9	14.3	20.2	13.7	15.4	13.5	16.5
Sales tax (per cent) ¹¹										
General rate.....	7.0	<i>Nil</i>	6.0	7.0	8.0	7.5	8.0	8.0	10.0	8.0
Liquor.....	10.0	<i>Nil</i>	7.0	7.0	12.0	7.5	8.0	8.0	37.5	8.0
Meals.....	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	7.0	8.0	7.5	8.0	8.0	10.0	8.0
Accommodation ¹²	8.0	5.0	7.0	7.0	5.0	7.5	8.0	8.0	10.0	8.0
Tobacco tax (dollars per carton of 200 cigarettes) ¹³										
	\$22.00	\$14.00	\$20.00	\$19.25	\$6.70	\$8.00	\$10.15	\$10.84	\$12.65	\$25.96

¹ Rates are for the 1999 taxation year. Quebec has its own income tax system that is not directly comparable. Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Nova Scotia provide general tax reductions at low income levels.

² Applied to taxable income in Alberta and net income in Saskatchewan and Manitoba.

³ Provincial high income surtaxes: the surtax rate is applied to provincial tax in excess of the threshold level (the Manitoba surtax applies to net income over \$30,000). British Columbia and Ontario have two-tiered surtaxes. Saskatchewan's deficit surtax is 10 per cent of basic provincial tax, less \$150.

⁴ Calculated for a two-income family of four with one spouse earning \$35,000 and the other \$20,000. Income taxes are based on basic personal credits, applicable provincial credits, and typical major deductions. Quebec rate includes a 0.3 per cent surtax which contributes to the province's Anti-Poverty Fund.

⁵ Alberta, Saskatchewan, Ontario, Prince Edward Island and Newfoundland have lower rates for manufacturing and processing. British Columbia, Newfoundland, Nova Scotia and Quebec have corporate income tax holidays for eligible new businesses. Quebec rate includes a 2.8 per cent surtax that contributes to the province's Anti-Poverty Fund.

⁶ The British Columbia non-financial rate applies to corporations with net paid-up capital in excess of \$2.5 million. Ontario has lower rates for corporations with less than \$2.3 million in taxable capital. Large Saskatchewan resource corporations are assessed a 3 per cent surcharge on the value of Saskatchewan resource sales. Quebec rates include a 3 per cent surtax that contributes to the province's Anti-Poverty Fund. Quebec has an additional compensation tax on financial institutions.

⁷ British Columbia has a two-person rate of \$64 per month. British Columbia and Alberta offer premium assistance in the form of lower rates or an exemption from premiums for lower-income individuals and families.

⁸ Manitoba, Ontario and Newfoundland provide payroll tax relief for small businesses.

⁹ The lower rate applies to premiums for life, sickness and accident insurance; the higher rate applies to premiums for property insurance. The rate on automobile insurance is 4 per cent in British Columbia and Saskatchewan, and 3 per cent in Ontario. Sales tax applies to insurance premiums, except those related to individual life and health, in Ontario (8 per cent), Newfoundland (12 per cent), and Quebec (9 per cent). The sales tax is 5 per cent for auto insurance in Quebec and Ontario.

¹⁰ Tax rate is for regular unleaded fuel used on highways. The British Columbia rate includes three cents per litre dedicated to the BC Transportation Financing Authority, one cent per litre dedicated to the British Columbia Ferry Corporation and four cents per litre dedicated to TransLink, Vancouver's regional transportation authority. The rates do not include regional taxes. The Quebec rate includes estimated sales tax.

¹¹ The Quebec and Prince Edward Island tax rates are imposed on top of the federal goods and services tax.

¹² The British Columbia rate includes 1.65 percentage points that is dedicated to Tourism British Columbia.

¹³ Includes estimated provincial sales tax where applicable.

Table A5.3 Summary of Major Tax Changes Announced in 1999**Income Tax Act****Personal:**

- The provincial high-income surtax is reduced to 15 per cent from 19 per cent of provincial tax in excess of \$8,660 effective for the 2000 and subsequent taxation years.
- The combined BC Family Bonus and National Child Benefit was increased by \$2 per child per month effective July 1, 1999.

Corporate:

- The provincial small business rate is decreased to 5.5 per cent from 8.5 per cent effective July 1, 1999.

Corporation Capital Tax Act

- The two-year tax holiday for new investments was extended to four years for qualifying expenditures made after March 31, 1999.

Social Service Tax Act

- Effective March 31, 1999, exemptions provided for boomsticks used in the forest industry, product labels attached to goods for sale or lease and a partial tax refund provided for purchases of eligible new factory manufactured alternative fuel vehicles. Effective September 1, 1999, Revenue Canada collects provincial sales tax on personal goods delivered to residents by couriers and brought across international borders by returning British Columbia residents. Tax is collected on the value of taxable goods that exceed federal personal exemption limits. Tax is collected on taxable goods imported through the postal system effective October 1, 1999.

School Act

- For 1999, maintains average gross residential school taxes at 1998 levels by adjusting school property tax rates in response to changes in average assessed values. A separate residential tax rate is set for each school district. Some homeowners will experience an increase in their school taxes, while others will have offsetting reductions.
- For each of the eight non-residential property classes, a single, province-wide rate is set. Non-residential school tax rates will remain unchanged from 1996 levels, except the managed forest land class rate, which was reduced according to the Memorandum of Understanding with the Private Forest Landowners Association. Average non-residential property tax levels will decrease slightly in 1999. Individual property tax bills for non-residential property owners may rise or fall.

Taxation (Rural Area) Act

- Maintains average gross residential rural area taxes at 1998 levels by increasing the province's residential rural area tax rate to reflect the small decrease in average assessed values.

Motor Fuel Tax Act

- Reduces the tax rate for jet fuel purchased by carriers flying on international routes to 2 cents per litre from 3 cents, effective April 1, 1999.
- Transfers 4 cents per litre of clear fuel tax collected in the Greater Vancouver Transportation Service Area to TransLink, formerly known as the Greater Vancouver Transportation Authority, effective April 1, 1999.
- Increases the transfer of clear fuel tax to the BC Transportation Financing Authority to 3 cents per litre from 2 cents per litre, effective June 1, 1999.
- Transfers 1 cent per litre of clear fuel tax collected to British Columbia Ferry Corporation, effective April 1, 1999; increasing to 1.25 cents per litre on October 1, 1999.

Mineral Tax Act

- Replaces the application of the tax to placer miners with a 0.5 per cent royalty payable by placer miners on the value of gold sold.

Assessment Act

- Amended to require the use of prescribed manuals and depreciation tables for assessing dams, substations and power plants. Previously, unlike for major industrial properties, the use of manuals and depreciation rates for these hydroelectric facilities had not been previously legislated.

Table A5.4 Major Provincial Programs for Local Government

Type	Statute Reference	Basis	Rate	Remarks
PROVINCIAL GOVERNMENT GRANTS IN LIEU OF PROPERTY TAX				
Provincial government property grant	<i>Municipal Aid Act</i>	Assessed value of improved properties; some properties exempt.	Individual tax rates of municipality and regional district containing the property.	Grants in lieu of taxes.
LOCAL GOVERNMENT GRANTS PROGRAM				
Small community protection grant	<i>Local Government Grants Act</i>	Base amount of \$100,000 multiplied by an assessment weighting factor minus a reduction of \$5 per capita for municipalities over 5,000 people. Floor supplement for municipalities under 5,000 people, and sliding scale of protection for municipalities 5,000 to 18,000 people. No payment if entitlement less than \$88,000.	Formula based grants which range in amounts up to \$558,892.	Unconditional program.
Water facilities assistance (old)	<i>Local Government Grants Act</i>	Local area taxable capacity.	75% of excess annual debt servicing costs over a basic 2.5 mill real property tax levy.	Grants continuing until expiry of approved debt.
Water facilities assistance (new)	<i>Local Government Grants Act</i>	Capital costs of approved projects.	25-50% of approved costs, subject to other limits.	Conditional program.
Sewerage facilities assistance (old)	<i>Local Government Grants Act</i>	Local area taxable capacity.	75% of excess annual debt-servicing costs over a basic 2.5 mill real property tax levy.	Grants continuing until expiry of approved debt.
Sewerage facilities assistance (new)	<i>Local Government Grants Act</i>	Capital cost of approved projects.	25-50% of approved costs, subject to other limits.	Conditional program.
Transportation infrastructure	<i>Local Government Grants Act</i>	Approved construction or acquisition costs.	50% of shareable costs.	Conditional program to assist development of major municipal highways; or encourages walking, cycling or efficient use of public transportation.
Planning grants	<i>Local Government Grants Act</i>	Approved costs for preparation.	Basic 50/50 cost shared; ratio and amount varies by type of grant.	Conditional program.
Regional district basic grant	<i>Local Government Grants Act</i>	Regional district status.	Grant based on regional district population: — under 50,000, population, \$120,000; 50,000 to 100,000, population, \$110,000; above 100,000 population, zero. Each regional district with a local community receives an additional \$2,500 per local community.	Unconditional program.
Restructuring assistance	<i>Local Government Grants Act</i>	Restructure studies and implementation grants.	Restructure planning grant to a maximum of \$40,000 per project per jurisdiction; per capita restructuring assistance grant varies according to specific local conditions.	Also assistance programs from the Ministry of Transportation and Highways, and the Ministry of Attorney General.
Infrastructure planning grants	<i>Local Government Grants Act</i>	Approved sewer, water, drainage and transportation study costs.	100% of first \$5,000; 50% for the next \$10,000 to a maximum of \$10,000.	Assists with capital works evaluation.
Infrastructure	Canada/British Columbia agreement of February 1994.	Eligible capital costs of approved projects.	Level of award varies depending on components of program.	Coordinated by Ministry of Employment and Investment.
OTHER LOCAL GOVERNMENT PROGRAMS				
Traffic fine revenue sharing	<i>Local Government Grants Act</i>	\$13.2 million budget allocation distributed according to individual municipal policing costs as percentage of aggregate municipal policing costs.	Formula based on amounts ranging up to \$3.56 million.	A new program of revenue-sharing.

Appendix 6: Major Provincial Programs

Table A6.1 Provincial Programs for People (at August 31, 1999)

Type	Statutory Reference	Basis	Form of Assistance	Remarks
EDUCATION PROGRAMS				
Public schools	<i>School Act</i>	Operating and capital costs of each school district.	(a) Under the <i>School Act</i> , the province provides funds to cover all operating costs for public schools. These funds are determined annually, based on enrolments and a provincial average per pupil amount. A school district may raise additional funding through local residential school property taxation by introducing a referendum which must be approved by a majority of persons who cast valid ballots. (b) The <i>School Act</i> provides for provincial payments to school boards for debt service costs of eligible capital projects. Debt service costs are determined annually.	
Independent schools	<i>Independent School Act</i>	Operating support contributions (number of students and type of school and program).	Based on 50% (Group 1) and 35% (Group 2) of the public school, per pupil, operating cost of the school district in which the independent school is located.	
Universities	<i>University Act, University of Northern British Columbia Act, Royal Roads University Act and Technical University of British Columbia Act</i>	Operating contributions. Capital contributions.	(a) Contributions for operating expenses approved by the Ministry of Advanced Education, Training and Technology. (b) Full cost of servicing debt for approved capital projects and acquisition of certain equipment.	
Colleges and provincial institutes	<i>College and Institute Act</i>	Operating contributions (number of students and type of program). Capital contributions.	(a) Contributions for operating expenses approved by the Ministry of Advanced Education, Training and Technology. (b) Full cost of servicing debt for approved capital projects and acquisition of minor capital.	
British Columbia Institute of Technology	<i>Institute of Technology Act</i>	Operating contributions (number of students and type of program). Capital contributions.	(a) Contributions for operating expenses approved by the Ministry of Advanced Education, Training and Technology. (b) Full cost of servicing debt for approved capital projects and acquisition of minor capital.	
Student financial assistance	<i>College and Institute Act</i>	Need.	Province provides loans and grants of up to \$260 per week for students without dependents and up to \$435 per week for students with dependents. Loans repaid above \$18,500 on successful completion of first credential and above \$23,500 on successful completion of second credential. Other assistance programs are also available.	
Open Learning Agency	<i>Open Learning Agency Act</i>	Operating contributions. Capital contributions.	(a) Contributions for operating expenses approved by the Ministry of Advanced Education, Training and Technology. (b) Full cost of servicing debt for approved capital projects and acquisition of certain equipment.	
SKILLS DEVELOPMENT PROGRAMS				
Apprenticeship and training programs	<i>Industry Training and Apprenticeship Act</i>	Need for employment-related training.	The Industrial Training and Apprenticeship Commission is working to create an industry training and apprenticeship system that meets the needs of workers, learners and industry, while reflecting the economic development needs of the province. In 1998/99, approximately 5,500 spaces in entry level trades training, 13,000 in apprenticeship training and 2,300 in other programs were created.	
Vocational rehabilitation programs		Need for vocational rehabilitation.	Province administers programs that assist persons with medical or physical disabilities in obtaining employment or entry level training. Financial assistance is also available for workplace modification to accommodate employees with disabilities.	Province recovers 50% of the cost of service from the federal government under the Vocational Rehabilitation for Disabled Persons Agreement.



Table A6.1 Provincial Programs for People (at August 31, 1999) — Continued

Type	Statutory Reference	Basis	Form of Assistance	Remarks
SKILLS DEVELOPMENT PROGRAMS (Continued)				
Labour market adjustment, and training and employability programs		Need for training, and income or age.	Numerous assistance and incentive programs exist for income assistance recipients, individuals affected by economic or technological changes, older workers and students.	Some programs are cost-shared with the federal government.
Assistance to employment	<i>BC Benefits (Income Assistance) Act and BC Benefits (Youth Works) Act</i>	For recipients of assistance under BC Benefits.	Assistance and incentives to prepare income assisted recipients for return to work vary among programs.	
Youth programs		Need for entrepreneurship and employment-related training.	Youth Options BC is a comprehensive set of initiatives which helps youth to obtain education, skills training, career planning and guidance.	Specific programs are administered by various ministries.
SCIENCE AND TECHNOLOGY PROGRAMS				
Science and technology programs	<i>Science and Technology Fund Act</i>	On approval.	Contributions for research and development, human resource development, infrastructure and public awareness programs.	
HEALTH PROGRAMS				
Hospital care (including construction and equipment)	<i>Hospital Insurance Act</i> <i>Hospital District Act</i>	In-patient care (includes acute, rehabilitation and extended care). Out-patient care. Hospital equipment. Approved capital costs.	(a) Payment of direct operating contributions to hospitals for care of all qualified provincial residents. (b) Payment made for a wide range of services, including day surgery. (c) Contributions of 60% to 100% on major movable depreciable equipment. (d) Ministry of Health (MOH) provides Regional Hospital Districts with prepaid capital advances of at least 60% of costs (and related debt service charges) for approved capital construction projects and fixed capital equipment for hospitals. In the Greater Vancouver Regional District (GVRD), MOH provides 100% of approved capital costs and related debt servicing.	Patient charge of \$24.80 to \$50.00 per diem for extended care (not applicable for persons under the age of 19). Regional Hospital Districts, except GVRD, raise their 40% share of costs for approved capital construction projects and fixed capital equipment through property taxation.
Continuing care and residential care	<i>Community Care Facility Act, Hospital Act</i>	Need.	Payment of accommodation rate is based on individual income level (net income) in calculating the charge. The rate may range from \$24.80 per day to \$50.00 per day.	Includes private hospitals, community care facilities and extended care hospitals. Facilities are licensed under the <i>Community Care Facility Act</i> or the <i>Hospital Act</i> .
Home care (a) Home nursing care and home preparation (b) Homemaker services		Need. Need.	(a) Province pays 100%. (b) User charge levied based on income.	Province pays up to 100% (including federal government contributions minus the user contribution).
Medical services	<i>Medicare Protection Act</i>	Premium rates. Income or need.	(a) Medical services plan monthly premiums are \$36 per single person, \$64 per family of two and \$72 per family of three or more. (b) Medical care premium subsidies are provided based on adjusted net family income from the previous business calendar year with a 100% subsidy for adjusted net family income of \$12,000 or less.	
Ambulance service	<i>Health Emergency Act</i>	Transportation, pre-hospital medical care and advanced life support.	Net cost paid by province.	Resident user fees are \$44 plus 50 cents per kilometre over 40 kilometres, up to a maximum of \$274 (air, land and sea).
Pharmacare	<i>Continuing Care Act</i>	Age or income.	(a) Eligible prescription drugs for persons ages 65 and over, long-term care residents and unemployable and disabled <i>Continuing Care Act</i> clients; persons ages 65 and over pay dispensing fees to an annual maximum of \$200 after which full benefits are provided by Pharmacare. (b) 70% subsidy of prescription costs over \$800 for a family or for a single person in each calendar year or over \$600 for an individual or family receiving MSP premium assistance; maximum liability of an individual or family is \$2,000 per year. (c) Subsidies to patients who, because of their medical condition, require oxygen in their homes.	
PROPERTY TAX RELIEF PROGRAMS				
Grant applied against homeowner's property tax	<i>Home Owner Grant Act</i>	Per eligible owner.	Basic grant of \$470 plus an additional \$275 for homeowners ages 65 and over, for recipients of war veterans allowance and for eligible persons with disabilities.	Minimum tax payable to receive grant is \$350, or \$100 if eligible for additional grant; grant applies first to school taxes. The grant is phased out for homes worth over \$525,000.



Table A6.1 Provincial Programs for People (at August 31, 1999) — Continued

Type	Statutory Reference	Basis	Form of Assistance	Remarks
PROPERTY TAX RELIEF PROGRAMS (Continued)				
Real property tax deferral	<i>Land Tax Deferment Act</i>	Per resident homeowner ages 60 or over, widowed spouse or disabled.	Deferment of 100% of current year's net property tax at a subsidized rate of interest.	Deferred taxes allowed only where property is owner occupied; manufactured homes may also qualify.
Farm extension program	<i>Taxation (Rural Area) Act</i>	Eligible bona fide farmers.	Penalty free extension of the rural property tax payment due date of October 31st.	Available to bona fide farmers, where seasonal cash flow prevents property tax payment by the normal July 2nd tax due date.
HOUSING PROGRAMS				
Property transfer tax relief	<i>Property Transfer Tax Act</i>	Eligible first-time home buyers are exempted from the tax, based on home price, mortgage amount, residency and principal residence.	Property transfer tax exemptions for eligible first-time home buyers.	Applicable to home purchases valued at \$275,000 or less in the Greater Vancouver, Fraser Valley and Capital Regional Districts, and \$225,000 or less in all other areas of the province. Certain eligibility criteria apply.
Shelter aid for elderly renters (SAFER)	<i>Shelter Aid for Elderly Renters Act</i>	Age, income, status (single, couple, sharer).	Renters ages 60 or over who pay more than 30% of their total income for rent may be eligible for the SAFER rent subsidy. The subsidy covers a portion of the difference between the actual rent paid (to a maximum of \$520 for a single person, \$575 for a couple and \$885 for those who share) and 30% of total income.	
HOMES BC	<i>Ministry of Lands, Parks and Housing Act; Ministry of Social Services and Housing Act; National Housing Act</i>	Non-profit housing. Homeless/at risk housing. Community housing initiatives.	(a) Assistance includes project development funds, interim financing, mortgage guarantees up to 100% of capital costs and ongoing subsidies to reduce rents. (b) Assistance includes project development funds, interim financing, mortgage guarantees up to 100% of capital costs and ongoing subsidies to reduce rents. (c) Approved projects are eligible for one-time grants for specific and time-limited projects. Funding is also allocated to sustaining community housing centres in key regions across the province.	Assists non-profit sponsors to build housing for low and moderate income renters. Priority is given to mixed income projects designed for families with children and persons with disabilities. A minimum of 60% of the units are targeted to low-income renters. Helps build self-contained, second-stage and permanent housing for people who find it difficult to secure safe and affordable housing. This program provides housing stability for people with alcohol and drug dependencies or mental illness, women and children leaving transition houses, inner-city youth and young, single mothers. Provides project grants for proposals that support advocacy and public education, or pilot new housing-related services and projects that develop the skills, strengths and capabilities of communities to address local housing problems.
INCOME ASSISTANCE AND SOCIAL PROGRAMS				
Refundable sales tax	<i>Income Tax Act</i>	Low income.	Credit is \$50 for claimant and \$50 for spouse, common-law spouse, and dependent child under the age of 19. Credit is reduced by 2% of aggregate family income above a base amount of \$15,000 plus \$3,000 per dependent.	Credit is first applied against income tax. Where credit exceeds income tax payable, a refund for the excess will be issued. An income tax return must be filed in order to claim a tax credit.
Income assistance	<i>BC Benefits (Income Assistance) Act</i>	Income and need.	Benefits are determined by factors such as family size, employability, income and assets.	Province pays 100% of the costs and recovers a portion of these costs from the federal government under the Canada Health and Social Transfer program.
Disability benefits	<i>Disability Benefits Program Act</i>	Disability and need.	Monthly benefits as of May 1997: single person with disabilities — \$771 maximum; couple with one person with disabilities — \$1,128; couple, both persons with disabilities — \$1,303.	
Health care services	<i>BC Benefits (Income Assistance) Act</i>	Need.	Comprehensive health care to eligible recipients of income assistance, disability benefits and to children in care.	
Services for adults with mental disabilities	<i>Child, Family and Community Service Act</i>	Income or need.	Institutional and community-based residential care, community living, skills and work placement.	Services in each community are operated by non-profit societies, individuals or private agencies under provincial contract.
Services for children with special needs	<i>Child, Family and Community Service Act</i>	Need.	Reimbursement (income tested) for at-home respite.	Services in each community are operated by non-profit societies, individuals or private agencies under provincial contract.



Table A6.1 Provincial Programs for People (at August 31, 1999) — *Continued*

Type	Statutory Reference	Basis	Form of Assistance	Remarks
INCOME ASSISTANCE AND SOCIAL PROGRAMS (Continued)				
Community projects	<i>BC Benefits (Income Assistance) Act</i>	Approved operating costs.	Contributions for various community-based projects and services, including crisis centres, family support and counselling, youth programs, programs for people with disabilities, volunteer bureaus, advocacy services and multi-service agencies.	Non-profit societies are contracted to assist them in delivering community-based social services to families, groups or individuals.
Child day care subsidy	<i>BC Benefits (Child Care) Act</i>	Income and need.	Subsidy for each child.	Program subsidizes eligible children being cared for in their own home or attending family day care centres, preschools or group day care centres.
Child, family and community services (protection services, payments to family care homes, group homes and specialized resources, Reconnect, family support services, homemaker services, adoption programs and youth services)	<i>Child, Family and Community Service Act</i>	Income and need.	(a) Foster care rates effective February 1, 1996: \$574.31 to \$2,415.44 per month depending on the qualifications of the foster parent. (b) Other services are provided through contracts, subsidies to parents or contributions to a community agency.	
Adoption services	<i>Adoption Act</i>	Income and need.	(a) Some fees associated with services related to adoptions of healthy infant and intercountry adoptions. (b) Assisted adoption rates range from \$379.75 to \$474.42 per month.	Permanency planning and support programs for birth parents, adopting parents, infants and children with special needs. Includes children in care of the ministry and children whose parents are planning adoption for them. Ministry responsible for licensing of adoption agencies and monitoring practice for adoption placement of children in British Columbia.
Seniors supplement	<i>BC Benefits (Income Assistance) Act</i>	Age, income and need.	Provides guaranteed minimum income for seniors receiving the federal government's old age security, guaranteed income supplement or spousal allowance payments.	Administered by the Ministry of Finance and Corporate Relations.
Bus pass program	<i>BC Benefits (Income Assistance) Act; Disability Benefits Program Act</i>	Age or disability and income or need.	Subsidized annual bus passes are available to seniors and persons with disabilities.	
OTHER PROGRAMS				
Transportation	<i>Build BC Act</i> <i>Highway Act</i>	Cycling Network program grant. Air Transport Assistance program grants. Infrastructure Works program grants. High occupancy vehicle (HOV)/transit facilities. Alternative Transportation program grants. Newly Incorporated Territories grants. Capital funding for highway construction. Maintenance of provincial highways.	(a) Capital funding to encourage development of bicycle networks. (b) Capital funding for community airports to provide medevac facilities and safe operations programs. (c) Provides funding for the provision or upgrading of infrastructure. (d) Grants provided to municipalities to fund HOV and transit projects as automobile trip reduction measure. (e) Grants provided to municipalities to encourage development and promotion of automobile trip reduction strategies. (f) Capital funding for newly created municipalities to upgrade roads and bridges. (g) Capital funding to facilitate new highway construction and capital improvements to existing infrastructure. (h) The province is responsible for and funds maintenance of highways outside of municipal boundaries, and highways designated as arterial highways within municipal boundaries.	Cost shared with municipalities. Cost shared with municipalities. Cost shared with municipalities and the federal government. Cost shared with municipalities.
Urban transit	<i>British Columbia Transit Act</i>	Planning and funding of transit services.	Shared-cost formula with users, the province and contributing municipalities.	
Library grants	<i>Library Act</i>	Population served; type of library and level of local support.	Rates are established annually.	
Provincial guaranteed debt			Guarantees or debt service assistance for debt of municipalities and other local entities for water, sewerage, drainage, schools, post-secondary institutions, hospitals, etc.	Province may provide grants covering specified portion of debt-service costs.



Table A6.2 Financial Incentives for Economic Development, Trade and Diversification

Program or Service	Purpose	Form of Assistance	Program Administrator
RESEARCH/DEVELOPMENT			
Product Development Fund	To invest in the final development stage of products, processes or technologies being developed by British Columbia-based companies working in advanced systems technologies, such as artificial intelligence, robotics, telecommunications or micro-electronics.	Cost share as much as 75% of project cost to a maximum of \$200,000.	BC Advanced Systems Institute, responsible to the Information Science and Technology Agency.
Technology Assistance program	To assist small, medium-sized and regional companies engaged in manufacturing, processing and service industries to increase productivity, develop new products or processes and improve profitability. Projects are science/engineering oriented and involve technology research.	Up to 50% of the costs incurred to a maximum of \$40,000.	PACE Technologies Inc., responsible to the Information Science and Technology Agency.
Technology BC	To stimulate the development of science and technology applicable to economic and social development by assisting companies to develop new products, processes or high-technology services, and university/business collaborations to further develop technologies and solve industry problems.	Contributions and general assistance for applied research and development.	Science Council of British Columbia, responsible to the Information Science and Technology Agency.
Market assessment of research and technology	To assist researchers to determine market potential of their discoveries and innovations at the pre-competitive stage of development. A joint program with the National Research Council.	Cost share up to 75% of eligible costs to a maximum of \$15,000.	PACE Technologies Inc., responsible to the Information Science and Technology Agency.
Kootenay Product Development Fund	To invest in small and medium-sized Columbia Basin companies in the final stage development of technology-based products and processes.	Royalty-based investment with cost-shared investment of up to \$100,000.	Kootenay Association for Science and Technology, responsible to the Information, Science and Technology Agency.
BUSINESS ASSISTANCE			
Equity Capital program	To encourage private-sector equity investment in economic sectors that leads to increased exports, import replacement or otherwise diversifies the provincial economy.	Provincial income tax credits equal to 30% of investment in a venture capital corporation, which subsequently invests in one or more small businesses.	Ministry of Small Business, Tourism and Culture.
Employee Share Ownership program	To facilitate investment by employees in the company they work for through the Employee Share Ownership Plan (ESOP).	20% provincial income tax credit to a maximum of \$2,000 per year for employee investors; 50% of the costs associated with setting up an ESOP, up to a maximum of \$5,000.	Ministry of Small Business, Tourism and Culture.
Working Opportunity Fund	This registered private sector, labour-sponsored fund was established to encourage British Columbia residents to pool their capital for investment in small-to-medium sized businesses.	15% provincial income tax credit to a maximum of \$2,000 per year and a 15% federal income tax credit to a maximum of \$750 per year.	Private fund registered under the <i>Employee Investment Act</i> . Administered by the Ministry of Small Business, Tourism and Culture.
Power for Jobs program	To provide competitively priced power to existing and new investors in energy intensive industries to stimulate and create jobs in British Columbia.	Power discounts specific to individual company needs with reciprocal commitment to risk sharing and provision of long-term sustained employment.	Ministry of Employment and Investment under the <i>Power for Jobs Development Rate Act</i> .

Table A6.3 Financial Assistance Programs for the Agriculture and Food Industry

Program or Service	Purpose	Form of Assistance	Remarks
INCOME AND PRICE STABILIZATION			
Crop Insurance program	To insure farmers against impact of uncontrollable crop losses.	Basic coverage — 60% of crop yield and 80% of crop price. The federal and provincial governments pay the premiums for coverage at this level, after farmers pay \$100 per insurance policy and \$75 per crop declared for coverage. Crop Insurance Plus — 80% of crop yield and 100% of crop price. Premiums for additional coverage are fully paid for by farmers.	Administrative costs shared by the province and the federal government.
Net Income Stabilization Account program	To help producers achieve long-term farm income stability on an individual basis. A risk-management tool used by producers as a source of long-term protection against fluctuation in farming income.	Maximum amount a producer is entitled to deposit is based on eligible net sales (difference between purchases of qualifying commodities and gross sales). Deposit is matched by the federal government.	A voluntary program administered by the federal government.
Whole Farm Insurance program	To reduce extreme income reductions that are beyond the farmer's control.	Payments provided if production margins (difference between eligible farm revenues and allowable farm expenses) fall below 70% of the average margin in its previous three years.	Eligibility is limited to farmers who grow crops insurable under the Canada/British Columbia Co-op Insurance program. Administered by the Ministry of Agriculture and Food.
AGRICULTURAL FINANCING PROGRAMS			
Feeder Associations Loan Guarantee program	To encourage cattle and sheep rearing in the province.	Provincial government guarantee of 25% of repayment of outstanding loan. Associations are permitted to borrow a maximum of \$39 million.	
Farm Distress Operating Loan Guarantee program	To assist farmers facing difficulties in securing operating financing.	Provincial guarantee of repayment of outstanding loans.	Expired in 1998/99.

Appendix 7: Crown Corporations and Agencies

**Table A7.1 British Columbia Hydro and Power Authority
Income Statement for the Years Ended March 31**

	1995	1996	1997	1998	1999
	(\$ millions)				
Revenues:					
Domestic	2,144.4	2,217.8	2,239.1	2,191.7	2,277.9
Electricity trade	141.8	51.2	163.6	341.2	739.0
	<u>2,286.2</u>	<u>2,269.0</u>	<u>2,402.7</u>	<u>2,532.9</u>	<u>3,016.9</u>
Expenses:					
Energy costs	511.2	498.8	513.6	610.6	1,075.2
Operating expenses	408.7	398.5	415.2	384.9	407.8
Taxes	171.2	168.7	168.8	176.8	172.7
Depreciation	286.7	307.1	322.4	335.7	338.8
Finance charges	723.6	745.8	625.0	585.0	615.2
Employee transition option costs	—	—	—	—	11.8
Corporate restructuring costs	23.0	—	19.0	—	—
	<u>2,124.4</u>	<u>2,118.9</u>	<u>2,064.0</u>	<u>2,093.0</u>	<u>2,621.5</u>
Net income before customer profit sharing	161.8	150.1	338.7	439.9	395.4
Customer profit sharing	—	—	—	32.1	—
Total net income	<u>161.8</u>	<u>150.1</u>	<u>338.7</u>	<u>407.8</u>	<u>395.4</u>

Source: British Columbia Hydro and Power Authority.

**Table A7.2 British Columbia Railway Company
Consolidated Income Statement for the Years Ended December 31**

	1994	1995	1996	1997	1998
	(\$ millions)				
Revenues	385.5	425.1	418.7	427.1	417.6
Expenses	<u>313.0</u>	<u>343.0</u>	<u>348.6</u>	<u>349.5</u>	<u>355.5</u>
Operating income	72.5	82.1	70.1	77.6	62.1
Non-operating expenses	<u>32.0</u>	<u>35.4</u>	<u>33.8</u>	<u>37.4</u>	<u>35.6</u>
Net income	<u>40.5</u>	<u>46.7</u>	<u>36.3</u>	<u>40.2</u>	<u>26.5</u>

Source: British Columbia Railway Company.

**Table A7.5 British Columbia Lottery Corporation
Income Statement for the Years Ended March 31**

	1995	1996	1997	1998	1999
	(\$ millions)				
Lottery sales.....	780.8	797.0	867.5	942.2	1,261.5
Less prizes and direct costs.....	472.6	486.7	529.8	571.4	699.1
Gross margin.....	308.2	310.3	337.7	370.8	562.4
Operating expenses.....	67.4	59.7	64.8	80.5	106.4
Net income.....	<u>240.8</u>	<u>250.6</u>	<u>272.9</u>	<u>290.3</u>	<u>456.0</u>
Allocation of net income:					
Government of Canada.....	6.3	6.5	6.7	6.9	7.0
Government of British Columbia.....	<u>234.5</u> ¹	<u>244.1</u> ¹	<u>266.2</u> ¹	<u>283.4</u> ¹	<u>449.0</u> ^{1,2}
	<u>240.8</u>	<u>250.6</u>	<u>272.9</u>	<u>290.3</u>	<u>456.0</u>

¹ Due to year-end accounting adjustments, the net income allowance to the province differs from those reported in Appendix 2.

² Includes amounts dedicated to charities. Transfers to charities, either through the province or by direct payment into the charitable pool, totalled \$76.1 million in 1998/99.

Source: British Columbia Lottery Corporation.

**Table A7.6 BC Transportation Financing Authority
Consolidated Statement of Income for the Years Ended March 31**

	1995	1996	1997	1998	1999
	(\$ millions)				
Revenue.....	62.7	64.3	64.6	130.6	126.3
Expenditures:					
Operations and administration.....	17.4	22.4	21.7	23.2	24.1
Grant programs.....	2.6	2.0	4.0	5.1	11.5
Amortization.....	—	1.8	4.2	13.9	32.1
Interest.....	—	3.4	9.4	27.7	68.1
Write down of project costs.....	—	—	—	4.3	14.1
	<u>20.0</u>	<u>29.6</u>	<u>39.3</u>	<u>74.2</u>	<u>149.9</u>
(Loss) earnings from operations.....	42.7	34.7	25.3	56.4	(23.6)
Extraordinary items ¹	—	—	—	4.8	90.7
Net (loss) earnings for the year.....	<u>42.7</u>	<u>34.7</u>	<u>25.3</u>	<u>51.6</u>	<u>(114.3)</u>

¹ In 1998, represents funding that was provided for emergency repairs to highways and bridges affected by slides and washouts. In 1999, represents the net book value of highways in the Lower Mainland transferred to TransLink (formerly known as the Greater Vancouver Transportation Authority).

Source: BC Transportation Financing Authority.

Table A7.7 British Columbia Transit Revenue and Expenditure Statement for the Years Ended March 31

	1995	1996	1997	1998	1999 ¹
	(\$ millions)				
Expenditures:					
Transit operations ²	315.0	335.5	363.9	381.5	79.5
Administration	50.8	53.5	53.3	54.7	8.6
Debt servicing ³	200.1	222.7	225.6	231.7	13.8
	<u>565.9</u>	<u>611.7</u>	<u>642.8</u>	<u>667.9</u>	<u>101.9</u>
Recoveries:					
Contributions from the Province of British Columbia ..	248.9	270.9	281.4	287.4	43.1
Contributions from participating municipalities	123.0	130.3	140.1	142.8	26.6
Transit operations	189.6	205.2	216.8	233.1	32.2
Other ³	4.4	4.3	3.7	3.6	—
	<u>565.9</u>	<u>610.7</u>	<u>642.0</u>	<u>666.9</u>	<u>101.9</u>

¹ Figures reflect the transfer of regional operations in the Greater Vancouver Regional District to TransLink (formerly known as the Greater Vancouver Transportation Authority) on March 31, 1999. Figures for previous years have not been restated.

² Includes property leases and taxes.

³ Includes depreciation and amortization of fixed assets.

Source: British Columbia Transit.

Table A7.8 British Columbia Ferry Corporation Income Statement for the Years Ended March 31¹

	1995	1996	1997	1998	1999
	(\$ millions)				
Revenues:					
Tolls.....	259.6	271.5	267.8	290.1	296.5
Catering and other income.....	60.7	69.0	66.0	66.7	65.6
Federal operating contract.....	18.0	21.3	21.8	21.9	22.0
	<u>338.3</u>	<u>361.8</u>	<u>355.6</u>	<u>378.7</u>	<u>384.1</u>
Expenses:					
Operating:					
Salaries, wages and benefits.....	201.4	208.9	220.8	220.6	235.2
Other expenses.....	118.7	130.0	135.4	142.2	145.7
	<u>320.1</u>	<u>338.9</u>	<u>356.2</u>	<u>362.8</u>	<u>380.9</u>
Net operating income (loss).....	18.2	22.9	(0.6)	15.9	3.2
Net financing expense.....	30.4	35.7	32.6	33.8	42.4
Amortization.....	34.6	36.1	38.3	41.1	42.3
Provision for write-down of vessels under construction.....	—	—	—	—	48.0
Catamaran Ferries International Inc. loss and investment in training and infrastructure.....	—	—	9.7	4.7	8.8
Loss before provincial grant.....	(46.8)	(48.9)	(81.2)	(63.7)	(138.3)
Provincial grant.....	15.9	9.4	4.7	4.7	24.0
Net loss.....	<u>(30.9)</u>	<u>(39.5)</u>	<u>(76.5)</u>	<u>(59.0)</u>	<u>(114.3)</u>

¹ Figures for earlier years have been restated to conform with the presentation used in 1999.

Source: British Columbia Ferry Corporation.

**Table A7.11 Major British Columbia Crown Corporations and Agencies¹
(as of September 21, 1999)**

Corporate Entity	Address and Telephone Number	Minister Responsible	Functions
Commercial:			
British Columbia Hydro and Power Authority	333 Dunsmuir Street Vancouver, B.C. V6B 5R3 (604) 528-1600	Minister of Employment and Investment	Generation, transmission and distribution of electricity.
British Columbia Lottery Corporation	74 West Seymour Street Kamloops, B.C. V2C 1E2 (250) 828-5500 (Kamloops) (604) 270-0649 (Richmond)	Minister of Labour	Develop, conduct and manage lottery operations on behalf of the provincial government and in conjunction with other provinces.
British Columbia Railway Company	Box 8770 Vancouver, B.C. V6B 4X6 (604) 986-2012	Minister of Energy and Mines and Minister Responsible for Northern Development	Operation of a railway, deep-sea terminal facilities, stevedoving operations, real estate development company and joint venture management company.
Columbia Power Corporation	PO Box 9136 Stn Prov Govt 3rd Floor, 844 Courtney Street Victoria, B.C. V8W 9B5 (250) 953-5179	Minister of Agriculture and Food	Develop and operate power projects in the Columbia Basin Region.
Insurance Corporation of British Columbia	151 West Esplanade North Vancouver, B.C. V7M 3M9 (604) 661-2800	Minister of Aboriginal Affairs	Provision of automobile insurance, vehicle licensing and road safety programs.
Liquor Distribution Branch	2625 Rupert Street Victoria, B.C. V5M 3T5 (250) 252-3150	Minister of Small Business, Tourism and Culture	Purchase, distribution and sale of alcoholic beverages.
Skeena Cellulose Inc.	Suite 2300, 666 Burrard Street Vancouver, B.C. V6C 2X8 (604) 688-2225	Minister of Energy and Mines and Minister Responsible for Northern Development	Operation of forest products mills in northwestern British Columbia.
Economic Development:			
BC Transportation Financing Authority	300, 940 Blanshard Street Victoria, B.C. V8W 3E6 (250) 356-0981	Minister of Transportation and Highways	Provide planning and integrated coordination for the construction of all aspects of provincial transportation infrastructure.
B.C. Pavilion Corporation	600 - 375 Water Street Vancouver, B.C. V6B 5C6 (604) 482-2000	Minister of Small Business, Tourism and Culture	Management of public facilities including Vancouver Convention and Exhibition Centre, the Bridge Studios and BC Place Stadium.
British Columbia Ferry Corporation	1112 Fort Street Victoria, B.C. V8V 4V2 (250) 381-1401	Minister of Education	Operation of coastal ferry service.
British Columbia Transit	520 Gorge Road East Victoria, B.C. V8W 2P3 (250) 385-2551	Minister of Women's Equality	Provision and maintenance of public transportation systems.
Fisheries Renewal BC	780 Blanshard Street Victoria, B.C. V8W 9M2	Minister of Fisheries	Promote protection and conservation of fish stocks and habitat, and strengthen fishing communities.
Forest Renewal BC	9th Floor, 727 Fisgard Street Victoria, B.C. V8V 1X4 (250) 387-2500	Minister of Forests	Oversees spending of funds into forest renewal activities.
Okanagan Valley Tree Fruit Authority	Box 6000 Summerland, B.C. V0H 1Z0 (250) 494-5021	Minister of Agriculture and Food	Assist orchardists in the British Columbia interior to revitalize the industry.
Pacific National Exhibition	Box 69020, Exhibition Park Vancouver, B.C. V5K 4W3 (604) 251-7703	Minister of Small Business, Tourism and Culture	Management of the annual 17-day PNE fair and operation of Playland Amusement Park.



Table A7.11 Major British Columbia Crown Corporations and Agencies¹
(as of September 21, 1999) —Continued

Corporate Entity	Address and Telephone Number	Minister Responsible	Functions
Economic Development (continued):			
Tourism British Columbia	Ste. 300, 1803 Douglas Street PO Box 9830, Stn Prov Govt Victoria, B.C. V8W 9W5 (250) 356-6363	Minister of Small Business, Tourism and Culture	Promote development and growth in the tourism industry and increase revenue and employment throughout British Columbia.
Social and Government Services:			
British Columbia Assets and Land Corporation	5th Floor, 609 Broughton Street Victoria, BC V8W 9W6 (250) 356-1282	Minister of Finance and Corporate Relations	Provides marketing and land management services to the provincial government.
British Columbia Assessment Authority	1537 Hillside Avenue Victoria, B.C. V8T 4Y2 (250) 595-6211	Minister of Municipal Affairs	Assessment of all real property within the province for taxation purposes.
British Columbia Buildings Corporation	3350 Douglas Street Victoria, B.C. V8Z 3L1 (250) 952-8500	Minister Responsible for the Public Service	Provision of accommodation and real estate services for government ministries and other publicly-funded organizations.
British Columbia Housing Management Commission	1701 - 4330 Kingsway Avenue Burnaby BC V5H 4S9 (604) 433-1711	Minister of Social Development and Economic Security	Management of provincial and federal/provincial housing units and administration of rent supplement programs.
Provincial Capital Commission	613 Pandora Avenue Victoria, B.C. V8W 1N8 (250) 386-1356	Minister of Advanced Education, Training and Technology and Minister of Intergovernmental Relations	Enhancement of the Capital Improvement District and management of properties under the commission's control.
Provincial Rental Housing Corporation	1701 - 4300 Kingsway Avenue Burnaby, B.C. V5H 4S9 (604) 433-1711	Minister of Social Development and Economic Security	Holding of housing units managed by the British Columbia Housing Management Commission.

¹ Reflects the government reorganization announced July 21, 1999. For a comprehensive list of Crown corporations and agencies, refer to the *Public Accounts*.



Appendix 8: Lieutenant Governor, Executive Council and Members of the Thirty-sixth Legislative Assembly¹ (as of September 21, 1999)

LIEUTENANT GOVERNOR

His Honour the Honourable Garde B. Gardom, Q.C.

EXECUTIVE COUNCIL (Cabinet)

Premier, President of the Executive Council,

Minister of Energy and Mines, and Minister Responsible for Northern Development	Honourable Dan Miller
Minister of Aboriginal Affairs	Honourable Dale Lovick
Minister of Advanced Education, Training and Technology, Minister of Intergovernmental Relations and Minister Responsible for Youth	Honourable Andrew Petter
Minister of Agriculture and Food	Honourable Corky Evans
Attorney General and Minister Responsible for Multiculturalism, Human Rights and Immigration	Honourable Ujjal Dosanjh
Minister for Children and Families, and Deputy Premier	Honourable Lois Boone
Minister of Community Development, Co-operatives and Volunteers	Honourable Jan Pullinger
Minister of Education	Honourable Gordon Wilson
Minister of Employment and Investment	Honourable Michael Farnworth
Minister of Environment, Lands and Parks	Honourable Joan Sawicki
Minister of Finance and Corporate Relations	Honourable Paul Ramsey
Minister of Fisheries	Honourable Dennis Streifel
Minister of Forests	Honourable David Zirnhelt
Minister of Health and Minister Responsible for Seniors	Honourable Penny Priddy
Minister of Labour	Honourable Joan Smallwood
Minister of Municipal Affairs	Honourable Jim Doyle
Minister Responsible for the Public Service	Honourable Helmut Giesbrecht
Minister of Small Business, Tourism and Culture	Honourable Ian Waddell
Minister of Social Development and Economic Security	Honourable Moe Sihota
Minister of Transportation and Highways	Honourable Harry Lali
Minister of Women's Equality	Honourable Jenny Kwan

PARLIAMENTARY SECRETARIES

Premier	Erda Walsh
Minister of Aboriginal Affairs	Bill Goodacre
Minister of Children and Families	Eveyn Gillespie
Minister of Employment and Investment	Rick Kasper
Minister of Energy and Mines	Fred Randall
Minister of Forests	Glenn Robertson
Minister of Social Development and Economic Security	Steve Orcherton
Minister of Small Business, Tourism and Culture	Pietro Calendino
Minister of Transportation and Highways	Ed Conroy

Speaker: Honourable Gretchen Mann Brewin

Deputy Speaker: Bill Hartley

Leader of the Official Opposition: Gordon Campbell

Clerk of the Legislative Assembly: E. George MacMinn, Q.C.

Sergeant-at-Arms: Anthony A. Humphreys

¹ Reflects the government reorganization announced July 21, 1999.

Members of the Legislative Assembly	Political Party	Electoral District
Abbott, George	Liberal	Shuswap
Anderson, Val	Liberal	Vancouver-Langara
Barisoff, Bill	Liberal	Okanagan-Boundary
Boone, Hon. Lois	New Democrat	Prince George-Mount Robson
Bowbrick, Graeme	New Democrat	New Westminster
Brewin, Hon. Gretchen Mann	New Democrat	Victoria-Beacon Hill
Calendino, Pietro	New Democrat	Burnaby North
Campbell, Gordon	Liberal	Vancouver-Point Grey
Cashore, John	New Democrat	Coquitlam-Maillardville
Chong, Ida	Liberal	Oak Bay-Gordon Head
Clark, Christy	Liberal	Port Moody-Burnaby Mountain
Clark, Glen	New Democrat	Vancouver-Kingsway
Coell, Murray	Liberal	Saanich North and the Islands
Coleman, Rich	Liberal	Fort Langley-Aldergrove
Conroy, Ed	New Democrat	Rossland-Trail
Dalton, Jeremy	Liberal	West Vancouver-Capilano
de Jong, Michael	Liberal	Matsqui
Dosanjh, Hon. Ujjal	New Democrat	Vancouver-Kensington
Doyle, Hon. Jim	New Democrat	Columbia River-Revelstoke
Evans, Hon. Corky	New Democrat	Nelson-Creston
Farnworth, Hon. Michael	New Democrat	Port Coquitlam
Farrell-Collins, Gary	Liberal	Vancouver-Little Mountain
Giesbrecht, Hon. Helmut	New Democrat	Skeena
Gillespie, Evelyn	New Democrat	Comox Valley
Goodacre, Bill	New Democrat	Bulkley Valley-Stikine
Hammell, Sue	New Democrat	Surrey-Green Timbers
Hansen, Colin	Liberal	Vancouver-Quilchena
Hartley, Bill	New Democrat	Maple Ridge-Pitt Meadows
Hawkins, Sindi	Liberal	Okanagan West
Hogg, Gordon	Liberal	Surrey-White Rock
Janssen, Gerard	New Democrat	Alberni
Jarvis, Daniel	Liberal	North Vancouver-Seymour
Kasper, Rick	New Democrat	Malahat-Juan de Fuca
Krueger, Kevin	Liberal	Kamloops-North Thompson
Kwan, Hon. Jenny	New Democrat	Vancouver-Mount Pleasant
Lali, Hon. Harry	New Democrat	Yale-Lillooet
Lovick, Hon. Dale	New Democrat	Nanaimo
MacPhail, Joy	New Democrat	Vancouver-Hastings
McGregor, Cathy	New Democrat	Kamloops
McKinnon, Bonnie	Liberal	Surrey-Cloverdale
Masi, Reni	Liberal	Delta North
Miller, Hon. Dan	New Democrat	North Coast
Nebbeling, Ted	Liberal	West Vancouver-Garibaldi
Nettleton, Paul	Liberal	Prince George-Omineca
Neufeld, Richard	Liberal	Peace River North
Orcherton, Steve	New Democrat	Victoria-Hillside
Penner, Barry	Liberal	Chilliwack
Petter, Hon. Andrew	New Democrat	Saanich South
Plant, Geoff	Liberal	Richmond-Steveston
Priddy, Hon. Penny	New Democrat	Surrey-Newton
Pullinger, Hon. Jan	New Democrat	Cowichan-Ladysmith
Ramsey, Hon. Paul	New Democrat	Prince George North
Randall, Fred	New Democrat	Burnaby-Edmonds
Reid, Judith	Liberal	Parksville-Qualicum
Reid, Linda	Liberal	Richmond East
Robertson, Glenn	New Democrat	North Island
Sanders, April	Liberal	Okanagan-Vernon

Sawicki, Hon. Joan	New Democrat	Burnaby-Willingdon
Sihota, Hon. Moe	New Democrat	Esquimalt-Metchosin
Smallwood, Hon. Joan	New Democrat	Surrey-Whalley
Stephens, Lynn	Liberal	Langley
Stevenson, Tim	New Democrat	Vancouver-Burrard
Streifel, Hon. Dennis	New Democrat	Mission-Kent
Symons, Doug	Liberal	Richmond Centre
Thorpe, Rick	Liberal	Okanagan-Penticton
van Dongen, John	Liberal	Abbotsford
Waddell, Hon. Ian	New Democrat	Vancouver-Fraserview
Walsh, Erda	New Democrat	Kootenay
Weisbeck, John	Liberal	Okanagan East
Weisgerber, Jack	Independent	Peace River South
Whittred, Katherine	Liberal	North Vancouver-Lonsdale
Wilson, Hon. Gordon	New Democrat	Powell River-Sunshine Coast
Wilson, John	Liberal	Cariboo North
Zirnhelt, Hon. David	New Democrat	Cariboo South
Vacant		Delta South

Party standings: New Democrat 40; Liberal 33; Independent 1; Vacant 1; Total 75.

The Cabinet Committee Structure

The objective of the Cabinet committee system is to provide for an efficient process for managing the numerous and complex decisions requiring Cabinet attention. The system consists of Cabinet, Treasury Board, the Cabinet Committee on Regulations and Orders in Council, other statutory committees of Cabinet and specific time-limited committees established by the Premier. The two major elements of the Cabinet committee system are described below.

Cabinet

Cabinet is the ultimate decision-making body in government and is accountable for all government decisions. Proposals are not approved until reviewed by Cabinet, but the analysis and discussion of a proposal may be delegated to a Cabinet committee. Cabinet's focus is on discussion of strategic priorities and substantive issues, and acceptance or rejection of recommendations in relation to these.

Treasury Board

Treasury Board is a statutory body with roles and responsibilities set out in the *Financial Administration Act*. The board is chaired by the Minister of Finance and Corporate Relations. The board deals with any issue that is largely financial in nature, particularly those involving significant expenditure decisions and those related to the province's annual budget and estimates process (including economic and revenue forecasts). Treasury Board reviews subsidy and dividend levels, fee and licence rates, rates of return and capital project evaluation standards for Crown corporations and receives the operations and management audits of these corporations. The board also determines government accounting policies and practices.

Appendix 9: Government Agents (at August 1999)

Government Agents offices are located in the following 58 communities, where they provide the public with one-step access to provincial government information and services.

Some of the services offered through Government Agents are: drivers' licences and renewals; registration and certification of vital statistics information (marriages, births, deaths, name changes, will searches); hunting and fishing licences and regulations; the taking of affidavits; information concerning landlord/tenant matters; and a place to make payments to the province, including court and other fines.

Government Agents can provide access to databases through BC OnLine (Land Titles, Personal Property and Corporate Registries). They also have information on consumer tax, land tax, mining claims and registration, Medical Services Plan, Crown lands and the Small Business Database.

Nineteen of the 58 Government Agents offices are Access Centres. These centres group together staff from various ministries located in the community to cost-effectively and efficiently deliver "one stop shopping" for government services. The common counter approach provides improved access to a number of widely used programs. Information on Government Agent services is also available on the Internet at www.sb.gov.bc.ca/infobc/0000/0000.html.

Location	Telephone Area Code (250)	Government Agent	Location	Telephone Area Code (250)	Government Agent
Ashcroft.....	453-2412	Walter Poohachoff	Merritt*.....	378-9343	Gordon Swan
Atlin.....	651-7595	Glen Ferrier	Nakusp.....	265-3646	Judy Young
Bella Coola.....	799-5361	Chris Millham	Nanaimo*.....	741-3636	Chris Reich
Burns Lake.....	692-7117	Emiko Fukushima	Nelson*.....	345-6104	Barb Henry
Campbell River*.....	286-7555	Jeff MacKenzie	Oliver.....	498-3818	Doug Blatchford
Chetwynd.....	788-2239	Marty Nelson	100 Mile House.....	395-5595	Erich Breitreuz
Chilliwack*.....	795-8415	Jim Hay	Penticton.....	492-1211	Jim Torrance
Clinton.....	459-2268	Walter Poohachoff	Port Alberni.....	724-9200	Sven Buemann
Courtenay*.....	897-7500	Daryl Egeland	Port Hardy.....	949-6323	Bill Newman
Cranbrook*.....	426-1211	Kent Saxby	Powell River.....	485-3622	Robert Woods
Creston.....	428-3211	Irene Walker	Prince George*.....	565-4488	Bill Christie
Dawson Creek*.....	784-2224	Wendy Benham	Prince Rupert.....	624-7415	Ean Gower
Dease Lake.....	771-3700	Glen Ferrier	Princeton.....	295-6957	Cheryll McEvoy
Duncan*.....	746-1400	Byron Johnston	Queen Charlotte City	559-4452	Andrea deBucy
Fernie.....	423-6845	Sharon Arola	Quesnel.....	992-4313	Bob Jaskela
Fort Nelson.....	774-6945	Jeanette Hall	Revelstoke.....	837-7636	Phil Welock
Fort St. James.....	996-7585	Louly Thomson	Salmon Arm*.....	832-1611	Daryl Koskimaki
Fort St. John*.....	787-3350	Marie Moore	Sechelt.....	885-5187	Gary Swift
Ganges.....	537-5414	Byron Johnston	Smithers*.....	847-7207	Don McMillan
Golden.....	344-7550	Dodie Hodgins	Sparwood.....	425-6363	Sharon Arola
Grand Forks.....	442-5444	Dan Martin	Squamish.....	892-2400	Lorne Wilson
Houston.....	845-2990	Don McMillan	Stewart.....	636-2294	Les Deacon-Rogers
Invermere.....	342-4260	Kent Saxby	Terrace*.....	638-6515	Randy Trombley
Kamloops.....	828-4540	Walter Poohachoff	Trail*.....	364-0591	Robin Bender
Kaslo.....	353-2219	Barb Henry	Ucluelet.....	726-7025	Jim Spalding
Kitimat.....	632-6188	Gordon Fox	Valemount.....	566-4448	Lidwina Flavelle
Lillooet.....	256-7548	Bob Hall	Vanderhoof*.....	567-6301	Evan Lomas
Mackenzie.....	997-4270	Sarah Smith	Vernon*.....	549-5511	Franco Marolla
Maple Ridge.....	467-6901	Sandy Lane	Williams Lake*.....	398-4211	Eric Breitreuz

* Access Centre.

Appendix 10: Ministry Contacts (at August 31, 1999)

Further information on provincial government programs and services is available through the contacts listed below, or through the local Government Agents offices listed in Appendix 9 and through Internet addresses listed in Appendix 11. Area code 604 applies to the Lower Mainland, Fraser Valley, Sunshine Coast and Howe Sound/Whistler area. Area code 250 applies to the rest of the province, including Vancouver Island.

For information on programs or services not listed, call Enquiry BC:

Victoria.....	(250) 387-6121
Vancouver.....	(604) 660-2421
Elsewhere in British Columbia.....	1-800-663-7867
Telephone Device for the Deaf (TDD):	
Vancouver.....	(604) 775-0303
Elsewhere in British Columbia.....	1-800-661-8773

or purchase a copy of the *BC Guide to Programs and Services of the Provincial Government* from the Queen's Printer:

Victoria.....	(250) 387-6409
Elsewhere in British Columbia.....	1-800-663-6105

For information on electronic access to government registry databases contact BC OnLine:

Victoria.....	(250) 387-4750
Vancouver.....	(604) 775-2265
Elsewhere in British Columbia.....	1-800-663-6102

Provincial government employees using a ProvNet phone should dial local phone numbers to avoid unnecessary 800 usage expense.

Ministry and Branch	Address	Contact	Telephone Number
Office of the Premier	General Enquiries	—	(250) 387-1715
Ministry of Aboriginal Affairs	General Enquiries	—	(250) 356-8281
Negotiations Division.....	908 Pandora Avenue, Victoria, V8V 1X4	Allison Bond (Assistant Deputy Minister)	(250) 356-0226
Negotiations Support Division.....	908 Pandora Avenue, Victoria, V8V 1X4	Patrick O'Rourke (Assistant Deputy Minister)	(250) 356-9516
Ministry of Advanced Education, Training and Technology	General Enquiries	—	(250) 387-4611
Post Secondary Education Division.....	3rd Floor, 835 Humboldt Street, Victoria, V8V 4W8	Robin Ciceri (Assistant Deputy Minister)	(250) 356-2498
Skills Development Division.....	3rd Floor, 835 Humboldt Street, Victoria, V8V 4W8	Betty Notar (Assistant Deputy Minister)	(250) 387-1074
Office for Disability Issues.....	100, 333 Quebec Street, Victoria, V8V 1X4	—	(250) 387-3813 TDD 387-3555
Ministry of Agriculture and Food	General Enquiries	—	(250) 387-5121
Agricultural Risk Management Branch	808 Douglas Street, Victoria, V8W 2Z7	Harvey Sasaki (Director)	(250) 356-1830
Policy and Legislation Services	808 Douglas Street, Victoria, V8W 2Z7	David Matviw (Executive Director)	(250) 356-1816
Food Industry Branch	808 Douglas Street, Victoria, V8W 2Z7	Liz Gilliland (Director)	(250) 356-9453
Trade Competition Branch.....	808 Douglas Street, Victoria, V8W 2Z7	John Schildroth (Director)	(250) 387-7183
Ministry of Attorney General and Ministry Responsible for Multiculturalism, Human Rights and Immigration	General Enquiries	—	(250) 356-9596
Communications Branch	10th Floor, 1001 Douglas Street, Victoria, V8W 9J7	Jim Durham (Executive Director)	(250) 387-9596
Court Services Branch	850 Burdett Street, Victoria, V8W 9J2	Rick McCandless (Assistant Deputy Minister)	(250) 356-1550
Security Programs.....	2nd Floor, 2881 Nanaimo Street, Victoria, V8W 9J1	Tony Heemskerk (Director)	(250) 387-6981
Family Maintenance Enforcement Program ...	Information Line	—	1-800-663-9666
BC Human Rights Commission	306-815 Hornby Street, Vancouver, V6Z 2E6	Mary-Woo Sims (Chief Commissioner)	(604) 660-6811
Human Rights.....	Information Line	—	1-800-663-0876
Immigration and Multiculturalism	3rd Floor, 1019 Wharf Street, Victoria, V8W 9J1	Cathy Stigant (Executive Director)	(250) 387-7951
Land Title Branch	1st Floor, 910 Government Street, Victoria, V8V 1X4	Malcolm McAvity (Director)	(250) 387-1903
Liquor Distribution Branch	2625 Rupert Street, Vancouver, V5M 3T5	—	(604) 252-3000
Provincial Emergency Program —			
Emergency Coordination Centre	Information Line	—	1-800-663-3456
Victim Assistance.....	Information Line	—	1-800-563-0808
Consumer Operations Branch.....	3rd Floor, 1019 Wharf Street, Victoria, V8W 9J8	Anne Preyde (Director)	(250) 387-4774
Residential Tenancy Branch	6th Floor, 1019 Wharf Street, Victoria, V8W 9J8	Leah Bailey (Director)	(250) 356-1125
Residential Tenancy	Information Line	—	1-800-665-8779



Ministry and Branch	Address	Contact	Telephone Number
Ministry for Children and Families	General Enquiries	—	(250) 387-2000
Foster Parenting Information	Information Line	—	1-800-663-9999
Help Line for Children	Information Line	—	0-Zenith 1234
Adoption Information	Information Line	—	1-800-236-7888
Alcohol and Drug Information Counselling and Treatment	Information Line	—	1-800-663-1441
Gambling Addiction Information	Information Line	—	1-888-795-6111
Regional Operations and Performance Management Division	2nd Floor, 1022 Government Street, Victoria, V8V 1X4	Vaughan Dowie (Assistant Deputy Minister)	(250) 387-1647
Child, Youth and Family Support Division	2nd Floor, 1022 Government Street, Victoria, V8V 1X4	Diane Johnston (Assistant Deputy Minister)	(250) 387-2207
Governmental Relations Division	2nd Floor, 1022 Government Street, Victoria, V8V 1X4	Dyan Dunsmoor-Farley (Assistant Deputy Minister)	(250) 387-0446
Community Living, Community Support and Chief Information Officer	2nd Floor, 737 Courtney Street, Victoria, V8W 9S2	Theresa Kerin (Assistant Deputy Minister)	(250) 387-0978
Child Protection Division	955 Wharf Street, Victoria, V8W 9S5	Ross Dawson (Director)	(250) 387-7060
Management Services Division	955 Wharf Street, Victoria, V8W 9S5	Les Foster (Assistant Deputy Minister)	(250) 387-1745
Ministry of Education	General Enquiries	—	(250) 387-4611
Communications Branch	1st Floor, 835 Humboldt Street, Victoria, V8V 4W8	—	(250) 356-2500
Ministry of Employment and Investment	General Enquiries	—	(250) 952-0606
Communications	8th Floor, 1810 Blanshard Street, Victoria V8W 9N3	Christine Little (A/Executive Director)	(250) 952-0610
British Columbia Trade and Investment Office	7th Floor, 1810 Blanshard Street, Victoria V8W 9N3	Chris Nelson (Assistant Deputy Minister)	(250) 952-0635
Economic Development Division	4th Floor, 1810 Blanshard Street, Victoria V8W 9N3	Gordon Robinson (Assistant Deputy Minister)	(250) 952-0242
Ministry of Energy and Mines	General Enquiries	—	(250) 952-0606
Communications Division	8th Floor, 1810 Blanshard Street, Victoria V8W 9N3	Don Zdravec (Executive Director)	(250) 952-0607
Resource Development Division	4th Floor, 1810 Blanshard Street, Victoria V8W 9N3	Cheryl Brooks (Assistant Deputy Minister)	(250) 952-0115
Energy and Minerals Division	5th Floor, 1810 Blanshard Street, Victoria V8W 9N3	Joan Hesketh (Assistant Deputy Minister)	(250) 952-0132
Ministry of Environment, Lands and Parks	General Enquiries	—	(250) 387-1161
Environmental Emergencies	—	—	1-800-663-3456
B.C. Recycling Hot Line	—	—	1-800-667-4321
Communications	1st Floor, 2975 Jutland Road, Victoria, V8W 9M2	Liz Bicknell (A/Director)	(250) 387-9422
Corporate Services (including Freedom of Information)	5th Floor, 2975 Jutland Road, Victoria, V9W 9M1	Greg Koyl (Assistant Deputy Minister)	(250) 387-9888
Environment and Lands Headquarters Division (includes Wildlife)	5th Floor, 2975 Jutland Road, Victoria, V9W 9M1	Don Fast (Assistant Deputy Minister)	(250) 387-1280
Environment and Lands Regions Division	5th Floor, 2975 Jutland Road, Victoria, V9W 9M1	Jon O'Riordan (Assistant Deputy Minister)	(250) 387-9877
Parks Division	5th Floor, 2975 Jutland Road, Victoria, V9W 9M1	Denis O'Gorman (Assistant Deputy Minister)	(250) 387-9997
Land Use	5th Floor, 2975 Jutland Road, Victoria, V9W 9M1	Jim Walker (Special Advisor)	(250) 356-0139
Ministry of Finance and Corporate Relations	General Enquiries	—	(250) 387-9278
Communications	126 — 553 Superior Street, Victoria, V8V 1X4	—	(250) 387-3347
B.C. Securities Commission	1100, 865 Hornby Street, Vancouver, V6Z 2H4	—	(604) 660-4800
Financial Institutions Commission	1900, 1050 West Pender Street, Vancouver, V6E 3S7	Robert Hobart (Superintendent and CEO)	(604) 660-2947
Consumer Taxation, Victoria	1802 Douglas Street, Victoria, V8T 4K6	—	(250) 387-0656
Consumer Taxation, Vancouver	500, 605 Robson Street, Vancouver, V6B 5J3	—	(604) 660-4524
Corporate Capital Tax	1802 Douglas Street, Victoria, V8T 4K6	—	(250) 953-3082
Property Transfer Tax	1802 Douglas Street, Victoria, V8T 4K6	—	(250) 387-0604
Real Property Taxation	1802 Douglas Street, Victoria, V8T 4K6	—	(250) 387-0555
Corporate and Personal Property Registries	2nd Floor, 940 Blanshard Street, Victoria, V8W 3E6	—	(250) 387-7848
Office of the Comptroller General	617 Government Street, Victoria, V8V 4R8	Arn van Iersel (Comptroller General)	(250) 387-8541
Provincial Treasury	620 Superior Street, Victoria, V8V 1X4	Bob de Faye (Assistant Deputy Minister)	(250) 387-5729
Office of the Chief Investment Officer	620 Superior Street, Victoria, V8V 1X4	Doug Pearce (Chief Investment Officer)	(250) 387-7161
Public Sector Employers' Council Secretariat	2nd Floor, 468 Belleville Street, Victoria, V8V 1X4	—	(250) 387-0842
Superannuation Commission	2995 Jutland Road, Victoria, V8W 9V8	John Mochrie (Commissioner)	(250) 387-1002
Municipal Pension Plan	Information Line	—	1-800-668-6335
Public Service Pension Plan	Information Line	—	1-800-665-3554
College and Single Employer Pension Plans	Information Line	—	1-888-440-0111
Teachers' Pension Plan	Information Line	—	1-800-665-6770
Pensioner Services	Information Line	—	1-888-293-1111
BC STATS	1st Floor, 553 Superior Street, Victoria, V8V 1X4	Don McRae (Director)	(250) 356-2119
BC Publications Index	Internet Address: www.publications.gov.bc.ca	—	(250) 387-6409
Outside Victoria	Order Desk Line	—	1-800-663-6105
Purchasing Commission	102, 3350 Douglas Street, Victoria, V8Z 3L1	Dave Collisson (Executive Director)	(250) 387-7311
Purchasing Services Branch	102, 3350 Douglas Street, Victoria, V8Z 3L1	Richard Poutney (Director)	(250) 387-7313
Transport Management Group	102, 3350 Douglas Street, Victoria, V8Z 3L1	Duncan McLelland (Director)	(250) 387-7312
Land Use Coordination Office	2nd Floor, 836 Yates Street, Victoria, V8V 1X4	Warren Mitchell (A/Assistant Deputy Minister)	(250) 953-3471

Ministry and Branch	Address	Contact	Telephone Number
Ministry of Fisheries	General Enquiries	—	(250) 952-6644
Communications	780 Blanshard Street, Victoria, V8W 9M2	—	(250) 356-5126
Programs and Operations	780 Blanshard Street, Victoria, V8W 9M2	Assistant Deputy Minister	(250) 356-3076
Fisheries Management	780 Blanshard Street, Victoria, V8W 9M2	Director	(250) 387-9711
Sustainable Economic Development	780 Blanshard Street, Victoria, V8W 9M2	Director	(250) 387-9689
Fisheries Planning and Information	780 Blanshard Street, Victoria, V8W 9M2	Director	(250) 356-1608
Library	780 Blanshard Street, Victoria, V8W 9M2	—	(250) 387-9568
Policy Planning and Liaison	780 Blanshard Street, Victoria, V8W 9M2	Assistant Deputy Minister	(250) 356-3036
Fisheries Policy and Legislation	780 Blanshard Street, Victoria, V8W 9M2	Director	(250) 356-7015
Intergovernmental Relations	780 Blanshard Street, Victoria, V8W 9M2	Director	(250) 356-1874
Management Services	780 Blanshard Street, Victoria, V8W 9M2	Director	(250) 356-6235
Ministry of Forests	General Enquiries	—	(250) 387-5255
Communications Branch	3rd Floor, 595 Pandora Avenue, Victoria, V8W 3E7	—	(250) 387-5255
Forest Fire Reporting	Emergency Line	—	0-Zenith 5555
Forest Regions			
Cariboo	200, 640 Borland Street, Williams Lake, V2G 4T1	Regional Manager	(250) 398-4345
Kamloops	515 Columbia Street, Kamloops, V2C 2T7	Regional Manager	(250) 828-4131
Nelson	518 Lake Street, Nelson, V1L 4C6	Regional Manager	(250) 354-6200
Prince George	1011 Fourth Avenue, Prince George, V2L 3H9	Regional Manager	(250) 565-6100
Prince Rupert	Bag 5000, 3726 Alfred Avenue, Smithers, V0J 2N0	Regional Manager	(250) 847-7500
Vancouver	2100 Labieux Road, Nanaimo, V9T 6E9	Regional Manager	(250) 751-7001
Ministry of Health and Ministry Responsible for Seniors	General Enquiries	—	(250) 952-3456
Ministry of Health Information Line	Information Line	—	1-800-465-4911
Medical Services Commission	1515 Blanshard Street, Victoria, V8W 3C8	—	(250) 952-3465
Medical Services Plan	Information Lines:		
	— Greater Vancouver	—	(604) 683-7151
	— Greater Victoria	—	(250) 386-7171
	— Other British Columbia Locations	—	1-800-663-7100
Medical Services Plan — Operations Division	1515 Blanshard Street, Victoria, V8W 3C8	—	(250) 952-2444
Regional Programs	1515 Blanshard Street, Victoria, V8W 3C8	—	(250) 952-1297
Breast Screening Mammography	Information Line	—	1-800-663-9203
Food and Nutrition	Information Line	—	1-800-667-3438
PharmaNet	Information Lines:		
	— Greater Vancouver	—	(604) 682-6849
	— Greater Victoria	—	(250) 952-2866
	— Other British Columbia Locations	—	1-800-554-0250
Vital Statistics	Information Line	—	1-800-663-8328
Ministry of Human Resources	General Enquiries	—	(250) 387-6485
Social Policy Branch	614 Humboldt Street, Victoria, V8W 9R2	—	(250) 387-1486
Prevention, Compliance and Enforcement	614 Humboldt Street, Victoria, V8W 9R2	—	(250) 356-8200
Health Services Division	836 Yates Street, Victoria, V8V 1X4	—	(250) 387-5664
Emergency Social Services	614 Humboldt Street, Victoria, V8W 9R2	—	(250) 387-6446
Information and Privacy Division	614 Humboldt Street, Victoria, V8W 9R2	—	(250) 387-3128
Economic and Analysis Branch	614 Humboldt Street, Victoria, V8W 9R2	—	(250) 387-4421
Ministry of Labour	General Enquiries	—	(250) 356-1487
Industry Training and Apprenticeship Commission	General Enquiries	—	(250) 387-2700
Employment Standards	Enquiry Line	—	1-800-663-3316
Employers' Advisors	4003-8171 Ackroyd Road, Richmond, V6X 3K1	—	1-800-925-2233
Workers' Advisors	3000-8171 Ackroyd Road, Richmond, V6X 3K1	—	1-800-663-4261
Pension Standards	Suite 870, 360 West Georgia St., Vancouver, V6B 6B2	—	(604) 775-1266
Ministry of Municipal Affairs	General Enquiries	—	(250) 387-7912
Communications Branch	6th Floor, 800 Johnson Street, Victoria, V8V 1X4	—	(250) 387-4089
Property Assessment Appeal Board	10, 10551 Shellbridge Way, Richmond, V6X 2W9	—	(604) 775-1740
Library Services Branch	800 Johnson Street, Victoria, V8V 1X4	Barbara Greeniaus (Director)	(250) 356-1791
Office of the Fire Commissioner	800 Johnson Street, Victoria, V8V 1X4	Rick Dumala (Fire Commissioner)	(250) 356-9000
Minister Responsible for the Public Service	General Enquiries	—	(250) 356-9819
Public Service Employee Relations Commission	548 Michigan Street, Victoria, V8V 1S3	Maureen Nicholls (Commissioner)	(250) 356-8371
Classification and Organization	548 Michigan Street, Victoria, V8V 1S3	Russell Dean (Executive Director)	(250) 387-6323
Benefits and Payroll Operations	548 Michigan Street, Victoria, V8V 1S3	Wayne Scale (Executive Director)	(250) 387-2166
Labour Relations	548 Michigan Street, Victoria, V8V 1S3	Ron McEachern (Deputy Commissioner)	(250) 387-6323
Information Services	2995 Jutland Road, Victoria, V8W 9V8	Faye Schmidt (Director)	(250) 356-5446



Ministry and Branch	Address	Contact	Telephone Number
Ministry of Small Business, Tourism and Culture	General Enquiries 6th Floor, 1405 Douglas Street, Victoria, V8W 3C1	— —	(250) 356-6305 (250) 356-6305
Communications	4th Floor, 1405 Douglas Street, Victoria, V8W 9W5	Assistant Deputy Minister	(250) 356-7363
Government Agents, Small Business and Cooperatives	See Appendix 9	—	—
Government Agents	Information Line	—	1-800-667-2272
Canada/British Columbia Business Service Centre	Information Line	—	1-800-665-5457
Employee Share Ownership Program	Information Line	—	1-800-665-6597
Business Equity Program	Information Line	—	1-800-998-8299
Cooperative Development Program	Information Line	—	(250) 387-0106
Culture, Recreation, Heritage and Sport	5th Floor, 800 Johnson Street, Victoria, V8W 9W3	Assistant Deputy Minister	(250) 387-0106
President and CEO, Tourism BC	3rd Floor, 1803 Douglas Street, Victoria, V8W 9W5	—	(250) 356-2026
Reservations and Information	Information Line	—	1-800-663-6000
Royal British Columbia Museum	675 Belleville Street, Victoria, V8W 9W2	Executive Director	(250) 387-3685
General Information	Information Line	—	1-800-661-5411
Corporate Services	5th Floor, 1405 Douglas Street, Victoria, V8W 9W1	Assistant Deputy Minister	(250) 387-6720
Policy and Land-Use	5th Floor, 1405 Douglas Street, Victoria, V8W 9W1	Director	(250) 387-8002
British Columbia Film Commission	601 West Cordova Street, Vancouver, V6B 1G1	—	(604) 660-3235
Ministry of Transportation and Highways	General Enquiries 940 Blanshard Street, Victoria, V8W 9T5	—	(250) 387-3198
Public Affairs Branch	940 Blanshard Street, Victoria, V8W 9T5	—	(250) 387-7788
Library	940 Blanshard Street, Victoria, V8W 9T5	—	(250) 387-5512
Superintendent of Motor Vehicles	P.O. Box 9850, Stn Prov Govt, Victoria, V8W 3E6	—	(250) 387-0885
Driver and Vehicle Licence Enquiries	ICBC Customer Service — Victoria	—	(250) 387-6824
Driver and Vehicle Licence Enquiries	ICBC Customer Service — Outside of Victoria	—	1-800-950-1498
Motor Carrier Commission	207, 703 Broughton Street, Victoria, V8W 1E2	—	(250) 953-3777
Road Conditions	Information Line	—	*4997 (*HWYS)
Cellular Phones (BC TEL and Cantel)	Information Line	—	1-800-550-4997
Credit card calls (75¢/min.) — B.C. wide	Information Line	—	(604) 420-4997
Credit card calls (75¢/min.) — Vancouver	Information Line	—	1-900-565-4997
900 Service (75¢/min.)	Information Line	—	—
Talking Yellow Pages (local calls)	Enter code 7623 (ROAD) from touch tone phone	—	(604) 299-9000
Greater Vancouver	Information Line	—	(250) 953-9000
Victoria	Information Line	—	(250) 492-2929
Penticton	Information Line	—	(250) 861-2929
Kelowna	Information Line	—	(250) 545-2929
Vernon	Information Line	—	(250) 374-2929
Kamloops	Information Line	—	(250) 564-2929
Prince George	Information Line	—	(250) 564-2929
Ministry of Women's Equality	General Enquiries 5th Floor, 712 Yates Street, Victoria, V8W 1L4	—	(250) 387-3600
Communications Branch	5th Floor, 712 Yates Street, Victoria, V8W 1L4	Dianne George (Director)	(250) 387-4570
Library	5th Floor, 712 Yates Street, Victoria, V8W 1L4	Anne Morgan (Librarian)	(250) 356-5181
Policy and Planning Branch	5th Floor, 712 Yates Street, Victoria, V8W 1L4	Janice Nakamura (Director)	(250) 953-4513
Stopping the Violence and Regional Programs Branch	5th Floor, 712 Yates Street, Victoria, V8W 1L4	Deb Nilsen (Director)	(250) 356-7910
Special Offices	#8 Bastion Square, Victoria, V8V 1X4	—	(250) 387-6803
Office of the Auditor General	1075 Pendergast Street, Victoria, V8V 1X4	—	(250) 387-5305
Office of the Chief Electoral Officer	Suite 2050, 200 Granville Street, Vancouver, V6C 1S4	—	(604) 775-3203
Office of the Child, Youth and Family Advocate	101, 431 Menzies Street, Victoria, V8V 1X4	—	(250) 356-9283
Office of the Conflict of Interest Commissioner	4th Floor, 1675 Douglas Street, Victoria, V8V 1X4	—	(250) 387-5629
Office of the Information and Privacy Commissioner	931 Fort Street, Victoria, V8V 3K3	—	(250) 387-5855
Office of the Ombudsman	Information Line	—	1-800-567-3247
Crown Corporations (see Appendix A7.11 for a more complete list):	1537 Hillside Avenue, Victoria, V8T 4Y2	—	(250) 595-6211
British Columbia Assessment Authority	Information Line	—	1-800-663-0431
British Columbia Hydro and Power Authority	Information Line	—	1-800-665-2649
British Columbia Lottery Corporation	Information Line	—	1-800-663-3051
Insurance Corporation of British Columbia	Information Line	—	—
AirCare	Information Lines:	—	—
	— AirCare Administration	—	(604) 775-0103
	— Lower Mainland	—	(604) 433-5633
	— Harrison, Chilliwack	—	(604) 795-4546
	— Mission and Abbotsford	—	(604) 820-2226
Legislative Library	Room 212, Parliament Buildings, Victoria, V8V 1X4	—	(250) 387-6510



Appendix 11: Province of British Columbia Internet Web Site

Information on the provincial government and many of its organizations is available on the Internet, including:

- proceedings of the Legislature (including Hansard transcripts);
- British Columbia acts and regulations;
- social programs;
- government news releases;
- road condition reports and ferry schedules;
- how to bid on government contracts;
- employment opportunities;
- statistical information;
- access to archives and records services, maps, air-photos and geographic data sets; and
- vital statistics information.

The gateway to provincial information is through the Government of British Columbia Internet home page at <http://www.gov.bc.ca>

Below is a list of British Columbia organizations with web sites. Most of the links found on the British Columbia government web site lead to other servers. If problems are found with the following web sites, refer to the government's Internet home page above.

British Columbia Legislative Assembly	Web Site Address or Home Page
100th Anniversary of BC's Parliament Buildings	http://www.parl-bldgs.gov.bc.ca/
Legislative Assembly	http://www.legis.gov.bc.ca/
Auditor General	http://www.oag.bc.ca/
Child, Youth and Family Advocate	http://www.advokids.org/
Elections BC	http://www.elections.bc.ca/
Information and Privacy Commissioner	http://www.oipcbc.org/
Law Institute	http://www.lawreform.gov.bc.ca/
Office of the Ombudsman	http://www.ombud.gov.bc.ca/
Office of the Police Complaint Commissioner	http://www.opcc.bc.ca/
Provincial Government Ministries¹	
Ministry of Aboriginal Affairs	http://www.aaf.gov.bc.ca/aaf/
Ministry of Agriculture and Food	http://www.agf.gov.bc.ca/
Ministry of Attorney General	http://www.ag.gov.bc.ca/
— Consumer Services Division	http://www.lcs.gov.bc.ca/
— Multiculturalism and Immigration	http://www.mrmi.gov.bc.ca/
Ministry for Children and Families	http://www.mcf.gov.bc.ca/
Ministry of Community Development, Co-operatives and Volunteers ..	http://www.mhr.gov.bc.ca/sectors/index.htm
Ministry of Education	http://www.bced.gov.bc.ca/
Ministry of Advanced Education, Training and Technology	http://www.aett.gov.bc.ca/
Ministry of Employment and Investment	http://www.ei.gov.bc.ca/
Ministry of Energy and Mines	http://www.em.gov.bc.ca/
Ministry of Environment, Lands and Parks	http://www.env.gov.bc.ca/
Ministry of Fisheries	http://www.fisheries.gov.bc.ca/
Ministry of Finance and Corporate Relations	http://www.fin.gov.bc.ca/
Ministry of Forests	http://www.for.gov.bc.ca/
Ministry of Health and Ministry Responsible for Seniors	http://www.hlth.gov.bc.ca/

¹ Reflects the government reorganization announced July 21, 1999.

Provincial Government Ministries — Continued

Ministry of Labour	http://www.labour.gov.bc.ca/
Ministry of Municipal Affairs and Housing	http://www.marh.gov.bc.ca/
Ministry of Social Development and Economic Security	http://www.sdes.gov.bc.ca/
Ministry of Small Business, Tourism and Culture	http://www.sbtc.gov.bc.ca/
Ministry of Transportation and Highways	http://www.th.gov.bc.ca/bchighways/
Ministry of Women's Equality	http://www.weq.gov.bc.ca/
Minister Responsible for Youth	http://www.youth.gov.bc.ca/

Crown Corporations

British Columbia Assessment	http://bcassessment.gov.bc.ca/
British Columbia Assets and Land Corporation	http://www.bcal-north.com/
British Columbia Buildings Corporation	http://www.bcbc.bc.ca/
British Columbia Ferry Corporation	http://www.bcferries.bc.ca/index.html
British Columbia Hydro and Power Authority	http://ewu.bchydro.bc.ca/index.html
British Columbia Lottery Corporation	http://www.bclc.com/
British Columbia Railway Company	http://www.bcrail.com/
British Columbia Transit	http://www.transitbc.com/
BC Pavilion Corporation	http://www.bcpavco.com/
BC Transportation Financing Authority	http://www.tfa.gov.bc.ca/
Fisheries Renewal BC	http://www.fishrenewal.gov.bc.ca/
Forest Renewal BC	http://www.forestrenewal.bc.ca/
Homeowner Protection Office	http://www.hpo.bc.ca/
Insurance Corporation of British Columbia (includes vehicle insurance and driver licensing information)	http://www.icbc.com/

Other Organizations, Agencies and Programs

Action 2000: millenium bug strategies for B.C.	http://www.y2k.gov.bc.ca/
Action 2000: Y2K resources	http://www.y2k.gov.bc.ca/
Provincial Agricultural Land Commission	http://www.landcommission.gov.bc.ca/alc
Agricultural Workforce Policy Board	http://qb.island.net/~awpb/index.html
Ambulance Service	http://www.hlth.gov.bc.ca/bcas/index.html
British Columbia 2000	http://www.BC2000.gov.bc.ca
British Columbia Archives	http://www.bcarchives.gov.bc.ca/
British Columbia Arts Council	http://www.tbc.gov.bc.ca/culture/csb/bcac.htm
British Columbia Cultural Foundation	http://www.tbc.gov.bc.ca/culture/csb/bccf.htm
British Columbia Gaming Commission	http://www.ei.gov.bc.ca/bcgaming/
British Columbia Government Information Technology Library	http://it-library.gov.bc.ca/
British Columbia Human Rights Commission	http://www.bchrt.gov.bc.ca/
British Columbia Securities Commission	http://www.bcse.gov.bc.ca/
British Columbia Student Assistance Program (BCSAP)	http://www.est.gov.bc.ca/ssb/
British Columbia Superior Courts	http://www.courts.gov.bc.ca/
British Columbia Work Information Network	http://www.workinfontet.bc.ca/
BC/Alcan Northern Development Fund	http://www.ndf.gov.bc.ca/
BC Benefits	http://www.gov.bc.ca/bcben/bcben.html
BC OnLine — access to government databases	http://www.bconline.gov.bc.ca/
BC Parks	http://www.env.gov.bc.ca/bcparks/
BC STATS — central statistical agency of the province	http://www.bcstats.gov.bc.ca/
Canada/British Columbia Business Service Centre	http://www.sb.gov.bc.ca/smallbus/sbhome.html
Career opportunities in the provincial public service	http://www.postings.gov.bc.ca/
Children's Commission	http://www.childservices.gov.bc.ca/
CivicNet — British Columbia Municipalities On-line	http://www.civicnet.gov.bc.ca/
Community Learning Network — Resource for K-12 teachers	http://www.etc.bc.ca/tdebhome/cln.html
Co-operative Development Program	http://www.co-op.sb.gov.bc.ca/
Corporate Human Resource Information and Payroll System	http://www.qp.gov.bc.ca/pserc/chips
Corporate Registry	http://www.fin.gov.bc.ca/corppg/default.htm
Centre for Education Information Standards and Services	http://www.ceiss.org/
Cultural Services	http://www.tbc.gov.bc.ca/culture/csb/welcome.htm

Other Organizations, Agencies and Programs — Continued

Environmental Appeal Board	http://www.eab.gov.bc.ca/
Environmental Assessment Office	http://www.eao.gov.bc.ca/
Farm Business Management Information Network BC	http://fbminet.ca/bc/
Financial Institutions Commission	http://www.fic.gov.bc.ca/
Fire Commissioner Office	http://www.marh.gov.bc.ca/FIRECOM
Fisheries Program	http://www.env.gov.bc.ca/fsh/
Forest Appeals Commission	http://www.fac.gov.bc.ca/
Forest Land Commission	http://www.landcommission.gov.bc.ca/flc
Forest Practices Board	http://www.fpb.gov.bc.ca/
Forest Protection	http://www.for.gov.bc.ca/protect/index.htm
Geographic Data BC	http://www.env.gov.bc.ca/srmb/
Government Agents	http://www.governmentagents.sb.gov.bc.ca/
Information, Science and Technology Agency	http://www.ista.gov.bc.ca/
Inland ferry schedules	http://www.th.gov.bc.ca/bchighways/camroad/ferry.htm
Inter-agency Emergency Preparedness Council	http://www.pep.bc.ca/iepc
Land Data BC — maps, air-photos and geographic datasets	http://www.landdata.gov.bc.ca/
Land Use Coordination Office	http://www.luco.gov.bc.ca/
Law Reform Commission	http://www.lawreform.gov.bc.ca/
Legal Services Society	http://www.vcn.bc.ca/lssbc/
Nanose Bay Expropriation	http://www.nanosee.gov.bc.ca/
Open Learning Agency	http://www.ola.bc.ca/ola.html
Post-secondary Application Service of British Columbia	http://www.pas.bc.ca/
Provincial Capital Commission	http://www.tbc.gov.bc.ca/pcc/index.html
Provincial Emergency Program	http://www.pep.bc.ca/
Provincial Land Commission	http://www.landcommission.gov.bc.ca/
Public Service Appeals Board	http://www.psab.gov.bc.ca/
Public Service Development Office	http://www.publicservice.gov.bc.ca/
Public Service Employee Relations Commission	http://www.pserc.gov.bc.ca/
Purchasing Commission (government contract bidding)	http://www.pc.gov.bc.ca/
Queen's Printer	http://www.qp.gov.bc.ca/
Recruitment Access Office	http://rao.gov.bc.ca/
Royal British Columbia Museum	http://rbcm1.rbcm.gov.bc.ca/
Science Council of British Columbia	http://www.scbc.org/
Seniors Office	http://www.hlth.gov.bc.ca/seniors/index.html
Standing Committee on Educational Technology	http://www.camosun.bc.ca:80/scoet/index.html
Superannuation Commission	http://pensions.gov.bc.ca/
Task Force of Electricity Market Reform	http://www.ei.gov.bc.ca/~electricitytaskforce/default.htm
Trade and Investment Office	http://www.ei.gov.bc.ca/directory/bctio/default.htm
Unclaimed property	http://www.fin.gov.bc.ca/ocg/unclaimed
Vital Statistics Agency	http://www.hlth.gov.bc.ca/vs/index.html
Women's Centres in British Columbia (directory)	http://www.weq.gov.bc.ca/GENERAL/agencies/agencies.list.html
Wood Fibre Network	http://www.woodfibrenet.com/
Worker's Compensation Board	http://www.wcb.bc.ca/

Outside Government Links

Intergovernmental on-line information kiosk	http://www.intergov.gc.ca/
Government of Canada	http://canada.gc.ca/
Alberta	http://www.gov.ab.ca/index.html
Manitoba	http://www.gov.mb.ca/
New Brunswick	http://www.gov.nb.ca/
Newfoundland	http://www.gov.nf.ca/
Northwest Territories	http://www.gov.nt.ca/
Nova Scotia	http://www.gov.ns.ca/
Ontario	http://www.gov.on.ca/
Prince Edward Island	http://www.gov.pe.ca/
Quebec	http://www.gouv.qc.ca/anglais/index.html
Saskatchewan	http://www.gov.sk.ca/
Yukon	http://www.gov.yk.ca/

About this Publication

For the benefit of readers of the *British Columbia Financial and Economic Review*, here is some information on the team that put together this 59th edition.

This publication is a production of the Fiscal and Economic Analysis Branch and BC STATS of the Ministry of Finance and Corporate Relations.

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Printing Agent — Bob Pincombe, Queen's Printer

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- *Estimates*
- *Quarterly Report*
- *Public Accounts*
- *Debt Statistics Report*
- *British Columbia Economic Review and Outlook*

BC STATS publications can be ordered using the order form that follows. Selected publications are also available through the BC STATS web site at <http://www.bcstats.gov.bc.ca> or the Ministry of Finance and Corporate Relations' site at <http://www.fin.gov.bc.ca>.

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Victoria, 1999



BC STATS Product Descriptions

RELEASES:

Current Statistics — Monthly

This release lists the latest monthly and annual data on the labour force, consumer price index, production, and other important economic indicators.

Business Indicators — Monthly

Provides a range of up-to-date economic and financial data, including production and shipments for British Columbia's major industries.

Consumer Price Index — Monthly

Price trends in British Columbia, Vancouver and Victoria for various categories of consumer spending. Includes historical summaries and comparisons with major Canadian cities.

Exports (B.C. Origin) — Monthly

British Columbia exports to major trading partners and blocs. Exports of more than 50 selected items to the U.S.A., Japan and the European Union are included.

Tourism Room Revenue — Monthly

Revenues received from room rentals by type of accommodation, with a geographic breakdown by development region, regional district, and selected urban areas.

Small Business Quarterly — Quarterly

A variety of data series on, or of interest to, small business in British Columbia. Replaces the monthly *Business Formations and Failures*.

Earnings and Employment Trends — Monthly

A comprehensive look at the labour market in B.C., providing sectoral analysis of the B.C. labour force and its wage structure.

Labour Force Statistics — Monthly

A monthly summary of labour force conditions, showing employment and unemployment by age, sex, occupation and industry, with regional breakdowns.

Immigration Highlights — Quarterly

Features immigrant landings to British Columbia and Canada by place of origin, destination and immigration status: independent or dependent, entrepreneur, and investor.

Migration Highlights — Quarterly

Detailed current information on the flow of people between British Columbia and other provinces and territories. Also contains components of population change.

Quarterly Regional Statistics — Quarterly

Organized by region, and features current monthly and quarterly economic data. Includes charts and tables. Approximately 240 pages.

Major Projects Inventory

Information on major capital projects, listed by development region and status (proposed, under construction, on hold, or completed.) Also includes regional profiles and maps.

PUBLICATIONS:

Financial and Economic Review — Annual

A valuable source of information on the province—its regions, provincial government programs and finances, economic growth and development, and demographic trends.

Economic Accounts — Annual

Detailed look at the composition of B.C.'s economy, the contribution of industrial sectors and their change over time. Tables include income and expenditure accounts, current and constant dollar estimates, and price deflators.

Manufacturers' Directory — Annual

This publication details over 7,200 manufacturers, including employment size, commodities produced, export status and a contact name and address.

Socio-Economic Statistical Profiles — Annual

Individual profiles for 8 Development Regions and 28 Regional Districts. Includes tables and charts covering population growth, ethnic identity, migration, family structure, labour market, income, unemployment, social assistance, crime, alcohol consumption, education and health.

Community Facts — Semi-Annual

Provides, for each municipality and regional district, a two-page compendium of statistics comparing local data to that of the province. Some text, tables and charts. Also available on our web site.

Community Profiles — Continuously updated

This series of 28 documents combines a wide array of statistical information gathered from many sources, and provides a comprehensive demographic and economic profile for each Regional District. Each profile comes in a 3-ring binder, containing 200–400 pages of documentation, maps and data, providing a wealth of information in one convenient place.

Regional Index — Occasional

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